PROVINCE OF SASKATCHEWAN

2011

ANNUAL REPORT

SASKATCHEWAN
HOUSING
CORPORATION

An Agency of Social Services

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This annual report is also available in electronic format from the Ministry's website at www.socialservices.gov.sk.ca/housing.

Letter of Transmittal

Her Honour, The Honourable Vaughn Solomon Schofield
Lieutenant Governor, Province of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of Saskatchewan Housing Corporation for the year ended December 31, 2011. This report includes the financial statements in accordance with *The Saskatchewan Housing Corporation Act.*

Respectfully Submitted,

June Draude
Minister Responsible for
Saskatchewan Housing Corporation

Message from the Minister

It is my privilege to serve as the Minister Responsible for Saskatchewan Housing Corporation (SHC) and to contribute to the future of housing in this province.

Saskatchewan is experiencing unprecedented economic and population growth that is expected to continue for years to come. Since 2007, more new people have been moving to the province and fewer people are leaving. The growth has brought an increased demand for housing of various types, resulting in increased pressure on housing supply and affordability across the province.

Collaboration across the housing sector must take place to support Saskatchewan's growing population and ensure that housing is accessible to all people. In March and April 2011, SHC held strategy consultations with more than 350 housing stakeholders throughout the province to prioritize housing challenges, generate solutions and identify roles to act on the solutions. In August 2011, as a result of these consultations, SHC released *A Strong Foundation – The Housing Strategy for Saskatchewan*, an eight-year plan which outlines five broad strategic priorities:

- Increase the housing supply;
- Improve housing affordability;
- Support individuals and families in greatest housing need;
- Enhance strategic planning for housing; and
- Collaborate, communicate and educate.

This strategy is precedent-setting because it is community, industry and government-driven; it goes beyond what the Government of Saskatchewan can do alone. I am proud that it will serve as a roadmap as we work together to promote a healthy housing environment. Under *The Housing Strategy for Saskatchewan*, we will create annual Provincial Action Plans that will outline activities that will yield immediate results, as well as actions that will require work over multiple years. We anticipate that everyone in the housing sector will fulfill their respective roles in creating solutions to Saskatchewan's housing challenges.

This annual report describes the progress SHC has made in implementing its portion of the Provincial Action Plan that was released as a companion to *The Housing Strategy for Saskatchewan*. I would like to take this opportunity to commend our housing stakeholders, the SHC Board of Directors, senior management and staff for their commitment to supporting Saskatchewan people in housing need, and making Saskatchewan the best place to live, work and raise a family.

June Draude
Minister Responsible for
Saskatchewan Housing Corporation

Message from the Assistant Deputy Minister, President and CEO

Although Saskatchewan has experienced housing pressures in the past, the growth of the province has accelerated these challenges since 2007. At Saskatchewan Housing Corporation (SHC), we worked hard over the past year to address the availability and affordability challenges in housing and to improve the way we work with our housing partners across the province.

The activities that led to the release of *The Housing Strategy for Saskatchewan* were important steps in those directions. The messages we received through consultations with housing stakeholders were strong and clear: the housing sector must improve the way we work together. As a sector, we need to change the way we operate because we are no longer acting in a province with a stable or declining population.

Our actions in the first year of the eight-year housing strategy have a strong focus on increasing the housing supply, partnerships and improving the way we do business. The actions we have taken in 2011 are responsive to what the housing sector in Saskatchewan communities told us.

As demonstrated in this annual report, SHC continued to develop new government assisted housing. Tremendous progress was made in rehabilitating the housing stock. New funding was secured from the federal and provincial government, and programs were developed and implemented to work towards solving the challenges of adequate supply and affordability for all people of Saskatchewan. Additional activities included:

- Providing financial incentives to municipalities to increase the supply of affordable rental housing and stimulate homeownership opportunities;
- Assisting eligible home buyers to acquire a home through Headstart on a Home;
- Increasing the supply of new affordable rental housing;
- Repairing and renovating existing government assisted housing;
- Assisting low-income renters and home owners with health and safety, accessibility, and energy efficiency renovations; and
- Reviewing and revising housing policies to improve outcomes for tenants and remove barriers to an effective housing continuum.

Our investments have been spread across the full spectrum of housing need in Saskatchewan. Across the province we have affordable housing projects completed or on the go for families, students, seniors, people with disabilities and with our First Nations and Métis partners.

Our goal overall is to make it possible for all citizens to build a better future through quality, safe housing. We will continue to make every effort to make a difference in the lives of Saskatchewan people, and to build on the spirit of co-operation with our partners across the province and beyond its borders.

Don Allen
Assistant Deputy Minister, President and CEO
Saskatchewan Housing Corporation

Message from the Board Chair

Housing is more than just shelter. It's the social and economic fabric of communities; made up of a spectrum of housing types and options; and a system where many different stakeholders play a role.

Over the years, Saskatchewan Housing Corporation (SHC) has played a leadership role in facilitating partnerships and co-ordinating housing initiatives targeting those in greatest need. As you look through this annual report, you will see that SHC continued this role in 2011.

SHC's Board of Directors is acutely aware that our growing province and the resulting demand for housing of all types requires governments, the private sector and non-profits to work together. There is not one group alone that can meet all the housing needs in Saskatchewan. That's why *The Housing Strategy for Saskatchewan* is ground-breaking: it is intended to motivate and guide all involved with housing to make the difference needed to build a strong housing environment. It sets out the broad vision and tangible steps for the housing sector; it is the roadmap we will build from.

Under the housing strategy, the SHC Board of Directors brought to life a number of initiatives to help solve our housing challenges. Headstart on a Home is a program that the Board was involved with from the outset; today, there are several projects under construction to create affordable homeownership across the province. New programs like the Affordable Home Ownership Program were developed to help make more homeownership opportunities possible. The Rental Construction Incentive and Secondary Suite Programs, both designed to create new supply of rental homes, received tremendous response in 2011.

But SHC does not build housing. The role of SHC is to create the environment where municipalities and builders are able to work together, and with others, to create the housing our growing province requires. Throughout this report, you will see examples of how SHC is fulfilling its role.

As Chair, I am pleased with the exemplary achievements outlined in these pages. As we venture into 2012, we will continue the Corporation's commitment to participate in the building of sustainable communities and to do its part to help improve housing availability and affordability. I thank the management, staff and fellow SHC board members for their dedicated service to responding to the ever evolving needs of the people we serve.

Keith Hanson, P.Eng.
Chair, Board of Directors

Introduction

This Annual Report provides an overview of the activities and results of the Saskatchewan Housing Corporation (SHC) for the year ending December 31, 2011. It reports on public commitments made and other key accomplishments of the Corporation.

This document follows a similar format to the 2010 Annual Report. It aligns with the strategic direction of the Ministry of Social Services Plan for 2011-12, and the Government of Saskatchewan's vision and three goals.

The 2011 Annual Report also sets the stage for future planning by providing an opportunity to assess the accomplishments, results, and lessons learned, and identifying how to build on past successes for the benefit of Saskatchewan people.

Alignment with Government Direction

Vision

A secure and prosperous Saskatchewan, leading the country in economic and population growth while providing a high quality of life for all.

Goals

- Sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning the province to meet the challenges of economic and population growth and development.
- Secure Saskatchewan as a safe place to live and raise a family, where people are confident in their future and benefit from a growing economy.
- Keep Government's Promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.
- Together, all Ministries and agencies support the achievement of Government's three goals and work towards a secure and prosperous Saskatchewan.
- SHC aligns with Government's direction by providing a continuum of housing programs and services for households who could not otherwise afford adequate, safe, and secure shelter. SHC also supports the repair and improvement of existing housing and the development of new housing, making it available for low- and moderate-income households so they can build economic security and participate in the economy.
- With the release of a new direction for Saskatchewan in November 2011, SHC's activities in 2012 will align with Government's vision and four goals. Government's new vision is: a strong and growing Saskatchewan, the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life. The goals to turn this vision into action are: sustaining growth and opportunities for Saskatchewan people; improving our quality of life; making life more affordable; and delivering responsive and responsible government.

Corporation Overview

Mandate

While recognizing the marketplace as the primary vehicle for the provision of housing, SHC promotes independence and self-sufficiency by providing housing and housing services to people who could not otherwise afford or access adequate, safe, and secure shelter. SHC manages the financial contributions from the provincial, federal, and municipal levels of government and plays a lead role in the development of housing policies on behalf of the Government of Saskatchewan.

Programs and Services

SHC provides a range of housing programs and services, including Social and Affordable Rental Housing, tenant services, home repair, renovation and adaptation programs for homeowners and landlords, supply-focused programs, and homeownership options.

SHC supports about 24,200 government-subsidized Social and Affordable Rental Housing units and about 4,700 special purpose housing units (i.e. special care and group homes) in the province. Over the years, SHC has helped many households achieve homeownership. There are about 1,200 households who have received such assistance and who still have a forgivable loan with SHC. In total in 2011, SHC provided support to approximately 30,100 housing units. SHC owns 61 per cent of these, which local housing authorities manage on SHC's behalf. The remaining units are owned and managed by non-profit and co-operative groups and the private sector.

Responsibilities of SHC include managing operating agreements with approximately 450 organizations; providing technical services; research, program, and operational policy development, program related research and reviews; accounting and other financial services; business planning and financial policy development; and delivery of housing programs and services.

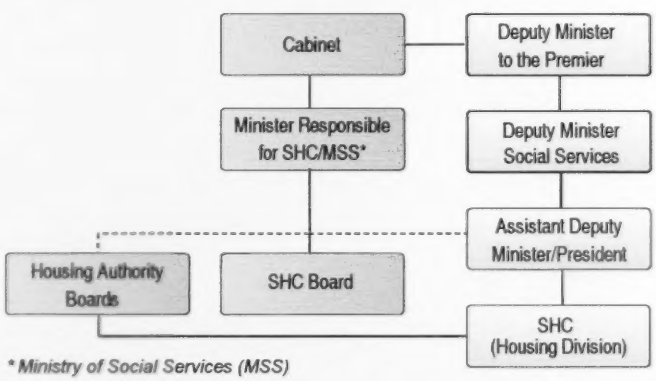
Organizational Structure

SHC is a Treasury Board Crown Corporation and is accountable to Cabinet through the Minister of Social Services. Legislative authority is provided by *The Saskatchewan Housing Corporation Act*. The *Act* establishes a Board of Directors (the Board) to conduct the affairs and business of the Corporation. The Board provides oversight in accordance with the legislated objectives and powers vested in SHC.

The Board is responsible for establishing a strategic direction for SHC within the context of Government priorities and directions, and monitoring results towards those ends.

The Board oversees the financial affairs of SHC, approving business and budget plans and monitoring financial results; ensures that significant risks to the business of SHC are identified and that internal controls and plans are in place to mitigate identified risks; oversees housing program design within the parameters set by the Government of Saskatchewan and/or the Government of Canada cost-sharing requirements; ensures SHC's assets, including information, are safeguarded; and appoints SHC's external auditors subject to the Government of Saskatchewan guidelines, which respect the role of the Provincial Auditor.

SHC's Accountability Structure – Legal and Financial



** Ministry of Social Services (MSS)*

Management services are provided to SHC by the Ministry of Social Services (MSS). SHC pays an annual fee to the Ministry for these services. As part of the Ministry reorganization in 2009, the Housing Division was restructured to achieve greater alignment with the Ministry, positioning strategic policy development, program and operational policy development, program delivery, technical development, and network supports to better serve clients and the public at large.

The Minister establishes local housing authorities and appoints the volunteer board members who oversee operations of the housing authority.

Housing Partners

Partnerships are fundamental for the success of SHC's programs and services. There are about 270 housing authorities responsible for the delivery of SHC's Social and Affordable Rental Housing Programs and managing SHC's housing portfolio. Other partners include non-profit organizations, housing co-operatives, Métis and First Nations housing providers, and private landlords who own and manage housing for low- and moderate-income tenants. SHC also works with municipalities, Social Services, and other government Ministries and agencies to integrate housing programs and services with other government services.

Volunteers

Saskatchewan has a network of local housing authorities composed of about 1,500 volunteers. Other housing agencies are served by more than 1,200 volunteer members across the province. Dedicated volunteers are integral to the ongoing success of SHC's activities. Community-based management enables local people to respond to local situations, thereby bringing enhanced knowledge and responsiveness to the housing system.

Support to Housing Authorities and Other Housing Agencies

SHC supports the general operation and services of local housing authorities and other housing agencies that are responsible for delivering housing programs and maintaining the operation of housing units. This includes broad management support to general operations, property, tenant, and financial stewardship, as well as assisting the diverse needs of each housing group in their delivery of tenant services and programs.

Progress in 2011

Significant Achievements in 2011

SHC continues to work with its partners in the private, public, and non-profit sectors toward the following three government-wide goals. A summary of the key 2011 achievements is provided under each:

Goal 1: Growth

- Developed and released *A Strong Foundation – The Housing Strategy for Saskatchewan*, an eight-year, precedent-setting strategy involving the entire housing sector.
- Created the *Provincial Action Plan 2011-12* containing actions that achieved immediate results and long-term activities that will require work over multiple years.
- Introduced three new programs to increase the housing supply across the province:
  - Summit Action Fund (SAF) provides support to creative, flexible approaches and innovation in the housing sector. SAF is expected to contribute 166 new units to the provincial housing supply in the near future.
  - The Affordable Home Ownership Program (AHOP) engages municipalities and prospective homeowners to increase the number of entry-level homeownership opportunities. The Program has already assisted 47 households to achieve homeownership, with many more underway.
  - The Rental Constructive Incentive (RCI) helps municipalities and private sector developers create new rental housing units. The Program has been very successful in stimulating rental development in the province: in 2011, funding commitments were made for the development of 1,044 rental units, of which 341 have already been completed.
- Redesigned the Secondary Suite Program which will increase Program participation and the supply of additional affordable housing. Thirteen affordable secondary suites were completed in 2011.

Goal 2: Security

- Increased the supply of affordable rental housing units by completing 576 units in 2011 through SHC's Rental Development Program and other supply programs. At year end, an additional 485 affordable rental units were under development.
- Partnered again with Habitat for Humanity Saskatchewan to help an additional 30 low- and moderate-income families achieve the dream of homeownership.
- Continued our work with partners to alleviate homelessness across Saskatchewan, including funding housing projects for those who are homeless or at risk of homelessness.
- Maintained affordable private market housing in the province by issuing 565 commitments to fund repairs and renovations.
- Continued to rehabilitate the existing Government-subsidized housing portfolio in Saskatchewan. Over $103.4 million of the work has been completed.

Goal 3: Promises

- Signed a new bi-lateral agreement with Canada Mortgage and Housing Corporation (CMHC). The *Investment in Affordable Housing 2011-14* (IAH) will see a combined investment of $55 million in the housing sector over the next three years. This investment will create new and renovate existing affordable housing for households in need.
- Reviewed a number of programs to improve client outcomes.
- Collaborated across Government to produce an inventory of programs and initiatives that impact housing affordability, due for release in spring 2012.
- Hosted the first Housing and Development Summit in Saskatoon in partnership with the Canadian Home Builders' Association – Saskatchewan (CHBA-SK). About 200 stakeholders participated from across the housing sector.

- Throughout the year, the SHC Board of Directors provided leadership, consulted with housing stakeholders, created partnership opportunities and supported the creation and implementation of *The Housing Strategy for Saskatchewan.*

Summary of Financial Results

Reported figures reflect results for SHC's fiscal year ending December 31, 2011.

a) Expenditures

SHC expenditures for 2011 were $263.3 million. This was $9.7 million below budget. Lower than expected expenditures for grants and subsidies and operating accounted for the majority of the variance.

b) Revenues

SHC revenues for the year were $264.8 million and were $9.7 million below budget. As expenditures were lower than anticipated, corresponding revenue recognized was also lower. Committed but unspent funding was deferred for use in future years.

Progress by Key Program

This section provides detailed results of SHC's achievements during the 2011 calendar year. Results are provided for each of SHC's major program areas, organized according to the three government-wide goals.

Saskatchewan Housing Corporation supports Government's goal to sustain economic growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development

Developed and Implemented the Housing Strategy for Saskatchewan

In August 2011, SHC released *A Strong Foundation – The Housing Strategy for Saskatchewan.* This eight-year, precedent-setting strategy involves the entire housing sector and promotes a housing environment where all Saskatchewan people have access to homes that enhance their well-being, build local communities and contribute to a growing province. The strategy outlines five broad priorities:

- Increase the housing supply;
- Improve housing affordability;
- Support individuals and families in greatest housing need;
- Enhance strategic planning for housing; and
- Collaborate, communicate and educate.

SHC held strategy consultation sessions throughout the province to engage the housing sector to prioritize the housing pressures in the province, generate solutions, and identify roles to act on the solutions. Across the province, housing experts stated that every member of the housing sector has a role in providing housing solutions; therefore, a principle of the strategy is that housing is a shared responsibility. *The Housing Strategy for Saskatchewan* includes broad directions that the entire housing sector can take to address Saskatchewan's housing issues. A co-ordinated effort is critical for ongoing success.

SHC will promote action by working closely with major provincial housing associations, forming Housing Action Teams to work on specific housing issues and addressing the actions in the *Provincial Action Plan 2011-12.*

For *The Housing Strategy for Saskatchewan* to be successful, it is critical that actions are guided and championed by broad representation from the housing sector. The SHC Board of Directors supported the implementation of the strategy by leading the effort to identify the key housing issues, set targets, report on achievements and undertake ongoing planning. The Board of Directors worked with partners from across the sector, drawing on the knowledge and expertise of housing sector champions.

To put the plan into action and establish annual priorities, SHC will work with other Crown Corporations and Ministries to create Provincial action plans. The *Provincial Action Plan 2011-12* has a strong focus on increasing the housing supply, promoting partnerships, improving Government processes and supporting the housing sector. The actions outlined in the plan are responsive to what the housing sector in communities across Saskatchewan told SHC during the consultations. Some actions were designed to have immediate results. Many will become part of regular business practices and carry forward into future years and action plans. Each action builds on SHC's role in the strategy, which will serve as a roadmap for the entire housing sector.

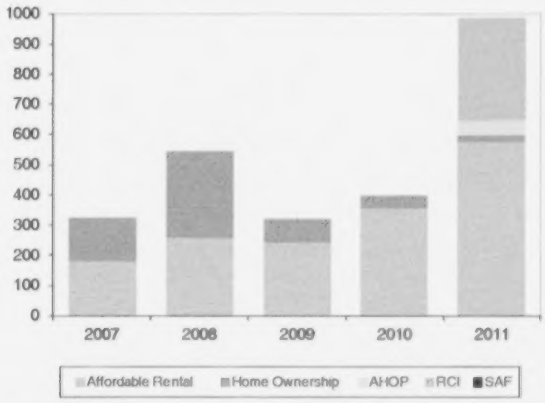
Tracking levels of success will be key to understanding the impact the housing sector is making in reaching the objectives and actions. An annual Provincial Action Plan report card will present key results, activities, accomplishments and outcomes. Development of the next Provincial Action Plan is currently underway, with many Ministries, agencies, and Crown Corporations identifying actions for incorporation into the *Provincial Action Plan 2011-12.*

Increasing the Housing Supply

Since 2007, the number of market housing starts in Saskatchewan urban centres with a population of 10,000 and over has increased 29 per cent. At the same time, the number of rental housing starts more than tripled. SHC has a strong focus on actions that increase the housing supply across the province. Aggressive new supply programs and the allocation of new Federal and Provincial funding has resulted in increased housing options for low- and moderate-income households. In 2011, SHC committed funding to incent the development of over 1,400 housing units. Each new investment has a multi-year life which has the potential to serve many individuals and families.

Also in 2011, almost 1,000 housing units were completed adding more than 900 units to the rental housing stock and assisting 70 families to achieve homeownership[1]. The chart below shows the number of SHC funded housing units that were completed over the last five years, illustrating the overall positive impact that SHC supply programs and initiatives have had on the housing environment in the province.

Incenting Housing Supply: SHC Funded Housing Units Completed between 2007 and 2011



Data Source: SHC, Housing Program and Service Design Status Report

[1] From the time of a funding announcement to construction completion, there is a development time lag. The rate at which these units can be developed depends largely on the complexity of the projects, as well as the availability of land, trades people, and building developers. Hence, commitments and completions are reported separately to clearly illustrate progress to date.

NOTES: The chart shows Summit Action Fund (SAF), Affordable Home Ownership Program (AHOP) and Rental Construction Incentive (RCI) for 2011 separately to allow comparison with previous years while highlighting the impact of these new supply initiatives. While there were no completed housing units developed through SAF in 2011, SAF projects that received funding in 2011 are expected to result in the addition of at least 166 new units, with the potential for many more. AHOP and RCI completions are based on cash flow on annual commitments. Affordable Rental category includes unit completions under the Rental Development Program, Secondary Suites, and Conversion Programs. Some numbers are not identical to those previously provided due to reconciliation of year-end information or changes due to the nature of program delivery.

Summit Action Fund

New and innovative housing is becoming a reality in Saskatchewan, thanks to a combination of home-grown creativity and funding from SHC's Summit Action Fund (SAF). The $6 million SAF was announced at the Housing and Development Summit in Saskatoon in April 2011. Designed to increase housing supply across the province, the fund provides a grant of 30 to 70 per cent of eligible project costs, or to a maximum of $500,000, to housing stakeholders who have creative housing solutions that are not currently covered by existing housing programs.

An SAF Selection Committee is responsible for selecting proposals and making decisions regarding funding allocations. The Selection Committee is made up of representatives from the SHC Board and members from the Canadian Home Builders' Association – Saskatchewan. The first intake of applications resulted in the allocation of $1.16 million to a group of projects that show creative, flexible approaches and innovation in the housing sector. SAF projects that received funding in 2011 are expected to result in the addition of at least 166 new units, with the potential for many more.

Affordable Home Ownership Program (AHOP)

Announced in March 2011, the goal of AHOP is to engage municipalities and prospective homeowners to increase the supply of entry-level homes. The Program matches grants that eligible municipalities provide to homeowners. SHC reimburses participating municipalities an amount equivalent to the education portion of the property tax for five years, to a maximum of $5,000.

Municipal response to AHOP has been positive and exceeded initial expectations. To meet the demand, the Province committed additional funding, bringing the total funding for AHOP to $3.8 million over five years. In 2011, SHC assisted 47 households in achieving homeownership through AHOP and made commitments to support an additional 111 affordable households to achieve homeownership.

Rental Constructive Incentive (RCI)

Announced with a budget of $14.5 million over five years, RCI is designed to help municipalities and private market developers create new rental housing units and, ultimately, to help people with low incomes find safe, affordable housing. The Program provides participating municipalities a Provincial grant of up to $5,000 to match municipal grants or incentives to developers for each eligible new rental unit constructed.

Response for RCI was immediate and positive, resulting in nine municipalities participating in the Program. To meet the demand, the Province committed additional funding, bringing the total funding for RCI to $18.7 million over five years. In 2011, SHC and its partners in RCI completed 341 affordable rental units and made commitments to develop an additional 703 affordable rental units.

Secondary Suite Program

The Secondary Suite Program incents the development of additional affordable housing by providing eligible homeowners and rental property owners with financial assistance to build or renovate a secondary suite for low- and moderate-income households. A commitment under *The Housing Strategy for Saskatchewan*, the Secondary Suite Program was redesigned in 2011 to increase participation in the Program. The changes include a reduced loan forgiveness period from 10 to five years, and in response to increased construction costs over the past two years, the level of assistance will be up to 50 per cent of the construction costs, to a maximum of $30,000 per unit. These enhancements took effect January 2, 2012.

To further encourage development, SHC announced in December 2011 that $2 million will be allocated towards the Program to support the development of 70 to 100 secondary suites over the next two to three years. This funding will not only help increase the supply of affordable rental housing, it will assist in making housing more affordable for homeowners developing the suites.

Thirteen affordable secondary suites were completed in 2011.

Headstart on a Home (Headstart)

Headstart is a new Provincial initiative that helps municipalities and their partner developers create new homeownership opportunities for moderate-income households. Headstart will finance the construction of at least 1,000 new, entry-level homes over the next five years. Builders and developers are eligible for construction loans of 90 per cent on the construction cost of the homes, including land, at an interest rate of four per cent. Municipalities may apply for the loans on behalf of builders and developers.

The SHC Board of Directors was tasked with determining the parameters for this initiative. The Board met with representatives of the housing sector for input; findings were provided to Crown Investments Corporation (CIC) which, because of its expertise in managing large pools of funds, led the design and implementation of Headstart on a Home.

Funding is available for the Program through the Federal Immigrant Investor Program, which flows through the Saskatchewan Immigrant Investor Fund Inc. (SIIF), managed by Westcap Management Ltd. (Westcap). SIIF is a subsidiary of Crown Investments Corporation. Westcap is partnering with Saskatchewan credit unions (Affinity, Conexus, Innovation, Cornerstone, Synergy and Spectra) to administer Headstart and to ensure communities across Saskatchewan have every opportunity to be a part of this housing program. Builders who are interested in meeting their community's housing needs may contact Westcap directly or contact the local participating credit union to discuss the project and eligibility.

Saskatchewan Housing Corporation supports Government's goal to secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Improving Housing Affordability

Increased housing demand across Saskatchewan has resulted in increased costs of renting or purchasing a home. Affordability issues are especially pertinent for low-income households, and also impact those with moderate incomes. An additional factor of affordability is the availability of housing. Increasing the supply of affordable housing expands housing options and brings balance to the market by alleviating tight vacancy rates and mitigating cost increases. Existing housing also plays an important role in meeting the need for affordable housing, therefore it is important to maintain and improve it.

Rental Development Program

SHC's Rental Development Program addresses gaps in supply along the housing continuum for greater availability of housing targeted for low- and moderate-income households and vulnerable people. The Program assists non-profit corporations, co-operative groups, municipalities, First Nations and the private sector to respond to community needs by developing affordable rental housing projects for low- and moderate-income people. In the absence of partners, SHC direct

delivers projects to address housing challenges throughout the province.

Significant investments were made in 2011 to help families, seniors and vulnerable citizens find a safe and affordable home. A total of 563 rental units were completed in 2011 through SHC's Rental Development Program. An additional 485 rental units were under construction at year end.

Across the province, many examples of affordable rental housing projects were either completed in 2011 or underway. For instance, in an effort to help meet the need for student housing, SHC provided funding to the University of Saskatchewan (U of S) for the first phase of an undergraduate student residence in College Quarter, located off-campus on U of S property. The first phase created 400 new student beds. The residence project also consists of second phase and a graduate residence, both currently under construction.

In May 2011, a new student residence opened in Meadow Lake providing homes for 40 households. The project, initiated by the North West Regional College, houses families, singles and singles rooming together. This project provides safe, affordable rental housing for students enrolled in training programs at North West Regional College, especially those migrating to Meadow Lake from northern and First Nation communities.

The Milton Heights renovation project in Regina is being undertaken by the Regina Lutheran Care Society, a community-based non-profit organization. Utilizing non-profit, Provincial, and Federal funding, this project is redeveloping 135 homes for seniors and vulnerable people in Regina.

By working with partners, SHC is assisting in the creation of more housing opportunities in Swift Current in response to an identified need in the community. In collaboration with Silver Sage Holdings Inc., the project will create 22 new homes for families.

Meeting the Housing Needs of First Nations and Métis People

To help accommodate the housing needs of First Nation families in Prince Albert, SHC is providing funding to the Northern Spruce Housing Corporation to construct 10 affordable homes in Prince Albert's West Hill neighbourhood. The project is expected to be completed in spring 2012.

In Yorkton, there was a need identified for housing that can accommodate large family households. To help meet this demand, SHC partnered with the Provincial Métis Housing Corporation (PMHC) to develop four new family units, each with five bedrooms. Completed in 2011 the project is expected to officially open in spring 2012.

A new 12-unit housing project serving Whitecap Dakota First Nation (Whitecap) was completed in 2011. Designed to accommodate Whitecap employees, this project reduces the number of Whitecap employees forced to rent housing in Saskatoon and commute to work, therefore improving the availability of housing for the Saskatoon region as well. The project will officially open in 2012.

SHC partnered with Lloydminster Métis Housing Group Inc. (LMHG) to develop10 new homes for seniors in Lloydminster. This project is expected to be complete in spring 2012.

SHC works with northern communities to identify and respond to northern housing needs. In response to the strong demand for additional housing in the Northern Village of La Loche, SHC is developing eight two-bedroom semi-detached homes for families and a 12-unit project for single people. Both projects will be operated as Affordable Housing units by the La Loche Municipal Non-profit Housing Corporation.

In partnership with a private developer, a new housing project for seniors began in Air Ronge in July 2011. The project consists of 12 two-bedroom units, constructed as a one-storey complex. Serving the communities of Air Ronge and La Ronge, the project is expected to be completed in early 2012.

SHC further leverages the development of northern housing with efforts to increase the number of skilled trades people in the province. SHC has partnered with the Northern Lights School Division to construct new housing units, offering students training in basic carpentry skills and work experience as part of their high school curriculum. In the past three years, nine new housing units have been built through the partnership in La Loche, La Ronge and Pinehouse. Two additional housing units are currently under construction in La Loche and La Ronge.

Habitat for Humanity (Habitat) Partnership

SHC continued to partner with Habitat Saskatchewan affiliates in 2011 by funding another 30 homes for low- and moderate-income families in need of affordable housing. SHC is proud to continue this Partnership which is helping to give families a safe and stable place to call home. Since 2009, the Province has dedicated funding for Habitat affiliates and chapters in Regina, Moose Jaw, Saskatoon, Yorkton, Prince Albert and Lloydminster to help build a total of 70 homes across the province. To date, this partnership has helped 21 families move into Habitat homes.

With the cost of building new homes increasing significantly, Habitat is one organization whose delivery model continues to provide viable homeownership opportunities for low- and moderate-income families. Each selected Habitat partner family contributes 500 hours of sweat equity to build their home and other Habitat homes, and participates in valuable training and preparation sessions. In return, their lives are transformed by the positive experience of working with the Habitat community and by the many benefits that come along with homeownership.

Supporting and Partnering in Homelessness Initiatives

SHC continued to support the Federal Government's Homelessness Partnering Strategy (HPS) to alleviate homelessness across Saskatchewan by providing strategic advice for this initiative, support for project development, and participation in the development of a number of housing projects that address homelessness.

In 2011, SHC continued to partner on the construction/renovation of housing projects to meet the needs of those who are homeless, or at the risk of homelessness. In partnership with Ranch Ehrlo Society, a 40-unit housing project in Regina for individuals with chronic mental health issues and cognitive disabilities is substantially complete. Funding for the project was provided by SHC, the Ministry of Social Services' Community Living Service Delivery branch, and the federal Homelessness Partnering Strategy.

The Lighthouse Supported Living's tower project, under construction in Saskatoon, will provide 58 new, fully independent, studio transitional units in addition to the project's existing 64 supported living units. The Lighthouse Supported Living Inc. is a non-profit organization providing both transitional and long term housing for the homeless and vulnerable low-income individuals of Saskatoon. The tower project will provide independent living opportunities and access to needed supports to clients transitioning from supported living units. The project will serve low-income working people, students, people who are living in the existing building and no longer require ongoing support, people with disabilities or mental illness who are able to live on their own, and people recovering from addictions who still require some support to be successful in their recovery.

The No Wrong Door Shelter was developed in partnership with Street Culture Kidz. This 15-bed Regina emergency youth shelter will be ready to open its doors in 2012 to vulnerable youth between the ages of 16 and 18.

Opened in 2011, the Yorkton Transitional Homes for Youth provides affordable housing and access to on-site mentoring for 10 young people at risk of becoming homeless. The homes are an initiative

of Yorkton Transitional Homes for Youth Inc., a community-based organization that addresses at-risk youth and homelessness. SHC provided capital funding, the City of Yorkton provided land contribution, and the Ministry of Social Services will provide annual operating funding.

Cost-shared with the Federal Government, the Shelter Enhancement Program (SEP) provides funding for the development of new emergency shelter spaces, or the rehabilitation of existing spaces for victims of family violence. An existing six-bed shelter in Prince Albert is currently being renovated with funding through SEP.

Maintaining Affordable Housing

SHC improves affordability by investing in existing housing stock, which is some of the most affordable housing in the province. By preserving existing housing, this investment helps people stay in their homes and benefits the local community.

Private Market Repairs

The repair programs delivered by SHC assist low-income homeowners and rental property owners housing low-income tenants to complete repairs to their properties and ensure that residents have a safe place to live. Programs such as the Residential Rehabilitation Assistance Program (RRAP), which is funded in partnership with the Federal Government, help to ensure that units meet minimum health and safety standards, building codes, and accessibility requirements. Rental property owners who receive RRAP forgivable loans are required to keep rents affordable for a specified period of time. Assistance is also available to low-income homeowners when emergency repairs are needed for continued safe occupancy of their homes.

Home adaptation programs offer financial assistance to make homes accessible for low-income seniors or persons with disabilities. Through these programs, SHC helps homeowners and rental property owners make adaptations to their properties in order for people to continue to live independently.

In 2011, SHC issued 565 commitments to fund repairs and renovations through the various programs.

Major Rehabilitation to Government-Subsidized Housing Stock

Government-subsidized rental housing provides low-cost rental housing for eligible individuals and families. There are approximately 24,200 government-subsidized rental housing units across the province. Most of this portfolio was constructed over 30 years ago and has reached the age where significant improvements are required to replace aging original components such as roofs, windows, siding, mechanical equipment, and elevators.

SHC invests approximately $40 million annually to improve and renew government-subsidized rental housing units through modernization, improvements, and regular maintenance. This funding level, however, does not address all required life-cycle improvements, making the additional investments vital to maintaining the existing housing stock. In response, the Provincial and Federal Government are investing $114.76 million to improve the existing government-subsidized housing portfolio in Saskatchewan. The funding will result in improvements to over 605 projects in 206 communities across the province. This reinvestment not only ensures that the housing stock remains viable for current and future tenants, but will also provide a boost to Saskatchewan's economy.

The $114.76 million in additional improvement funding is from the following sources:

- Cost-matched funding of $102.16 million under the 2009 Canada Economic Action Plan (CEAP). This funding was dedicated to stimulate the economy and improve existing affordable housing units developed before 1993. Renovation activities include general improvements, energy efficiency upgrades or conversions, and supports for persons with disabilities. All funding has been allocated and $90.8 million of improvements have been completed. The balance of the work will be completed by March 31, 2012.

- Federal funding of $12.6 million under the 2007 Aboriginal Housing Trust and the Affordable Housing Trust. This funding was to improve the existing housing stock owned by Métis and other not-for-profit housing organizations. The majority of the work wrapped up in 2011.

In addition to the CEAP and Housing Trust investment, SHC is also investing approximately $8 million to redevelop Parkview Village, a 71-unit housing project in east Regina. Due to foundation failure and moisture issues, it was determined that the best option would be to retrofit all the homes, as well as repair and improve the site to provide better drainage. Included in the retrofit is the conversion of three units into two five-bedroom units to accommodate larger families. Without the reinvestment in this existing project, these homes would have been lost. Sixteen homes are completed and the remaining homes and landscaping are expected to be completed in 2012.

Saskatchewan Housing Corporation supports Government's goal to keep Government's promises, operating with integrity and transparency, accountable to the people of Saskatchewan.

Under *The Housing Strategy for Saskatchewan*, SHC is working to address gaps in supply, services and income supports along the housing continuum for greater availability of housing targeted to households in greatest need. The overarching goals are to improve client outcomes, to enhance strategic planning for housing, and to communicate, collaborate and educate the public and the housing sector.

Improving Client Outcomes

On September 6, 2011, SHC and Canada Mortgage and Housing Corporation (CMHC) signed a new bi-lateral agreement, the *Investment in Affordable Housing 2011-2014* (IAH). Under the new agreement, the Provincial and Federal Government will each contribute $9.19 million annually, which equates to an investment of $55.14 million in the housing sector over the next three years. IAH provides much greater flexibility than past agreements, allowing for more creativity and collaboration on a range of housing supports. Affordable housing programs will be designed and delivered to meet the specific housing needs and priorities of the Province. In 2011-12, almost $11 million of the $18.4 million will go towards the development of new affordable family-focused housing. The remaining funding will be used for repairs and adaptations to existing private homeownership and rental housing.

To further improve client outcomes, in 2011, SHC reviewed, renewed and redesigned a number of other housing programs. Fulfilling a commitment under the *Provincial Action Plan 2011-12*, the Social Housing Rental Program was reviewed to ensure the Program assists households with the greatest housing need and to ensure policies are renewed to reflect the current housing environment. The Program is delivered through more than 10,600 senior and 5,800 family housing units, in almost 300 communities across the province.

The redesign of the Secondary Suite Program is another commitment under the *Provincial Action Plan 2011-12*. The redesign was completed in 2011 and $2 million was allocated to incent the development of 70 to 100 affordable rental suites over the next two to three years. The goal is to increase the supply of affordable rental housing in the province.

SHC's Encouraging Community Housing Options Program (ECHO) has been redesigned to assist more communities and regions to develop housing plans and to take action on those plans. Housing Plans are effective tools that identify housing needs across the entire housing continuum, and speak to both the public and private sectors to improve the housing situation in a region or community. The ECHO Program provides financial assistance to non-profit and private corporations, co-operatives and municipalities to determine the feasibility of developing and investing in a housing project in their community. Two loans options are available: a Feasibility Loan to determine if a housing proposal is viable, and a Development Loan to develop a project proposal or business plan.

Communicating, Collaborating and Educating

Communication across geographic areas and between members of the housing sector is important to prevent inefficiencies and lost opportunities. The housing sector needs to work together, share information effectively, and communicate well with the public. SHC provided opportunities for communication, collaboration and education on housing in 2011 and plans are underway for this effort to continue in 2012.

The Importance of Partnerships

SHC consulted extensively in March and April 2011 with community stakeholders across Saskatchewan to develop *The Housing Strategy for Saskatchewan*. The roles and responsibilities of the housing sector were identified, the main housing issues were confirmed, and solutions were identified in 12 meetings with 350 stakeholders that included municipalities, homebuilders and developers, landlords, the financial sector, real estate, community-based organizations, and other housing stakeholders from across the province. In addition to the community consultations, SHC hosted a discussion with close to 20 provincial Ministries, Crown Corporations, boards and agencies to inform the development.

Beyond the formal consultations, SHC worked closely with the Ministry of Municipal Affairs, Enterprise Saskatchewan and the Ministry of Finance to form partnerships with the Canadian Home Builders' Association – Saskatchewan (CHBA-SK), the Saskatchewan Urban Municipalities Association (SUMA), the Association of Saskatchewan Realtors (ASR) and the Saskatchewan Association of Rural Municipalities (SARM) to collectively drive the vision of *The Housing Strategy for Saskatchewan.* Each of the associations worked closely with SHC to confirm the findings of the consultations and to agree upon the content of *The Housing Strategy for Saskatchewan* that was released in August 2011.

SHC, in partnership with CHBA-SK, also hosted the first *Housing and Development Summit* from April 20 to 21, 2011 in Saskatoon. About 200 stakeholders participated from across the housing sector. The objectives of the *Summit* were to bring stakeholders together to identify housing solutions and to take actions that produce the solutions, to increase levels of trust and understanding between stakeholders, and to support development of *The Housing Strategy for Saskatchewan.* Participants explored local and regional housing needs, investment opportunities and partnerships, housing and development planning stages, infrastructure, purpose-built rentals, the regulatory environment and examples of creative housing.

Inventory of Government Programs and Initiatives Impacting Housing Affordability

The *Provincial Action Plan 2011-12* identified a need for an inventory of Government programs and initiatives that impact housing affordability. The purpose of the inventory is twofold: to highlight the continuum of programs and services that ensure safe and affordable housing for all residents of Saskatchewan, and to provide useful information to the public. Consultations are being held with key stakeholders and clients about the design, content and distribution of the inventory, which will be formatted into a user-friendly booklet and available online. The collaboration is occurring with other Ministries and non-government organizations to ensure that all relevant programs and initiatives are incorporated, with a citizen-centred focus. Once finalized, it is expected that the booklet will be available in spring 2012.

Small Communities Rental Market Survey

The Small Communities Rental Market Survey seeks to identify the rental and vacancy rates of rental housing in communities of less than 10,000 people. This survey takes place annually as committed in the *Provincial Action Plan 2011-12* in order to ensure communities have better information to plan for housing and that the Ministry of Social Services can adjust shelter rates in a responsive manner. The 2011 survey took place in November and is expected to be released to the public in spring 2012.

Saskatoon Affordable Housing Study

As identified in *The Housing Strategy for Saskatchewan*, there is a need to enhance strategic planning for housing. To achieve this goal, available data and housing expertise across the sector needs to be accurate and available. The Affordable Housing Study is an inventory of rental stock owned by SHC, non-profit organizations and the private market that will build a better understanding of the level of supply and location of affordable rental housing stock. SHC is partnering with the City of Saskatoon in the pilot study. It is expected that the pilot study will inform the feasibility and ease of conducting similar studies in other urban centres in the province.

Housing Network Training

SHC, in partnership with a number of training organizations, delivers the Social Housing Management Training Program to qualify northern residents to become property managers. SHC provides operational planning, budgeting and support to housing agencies throughout the province. This includes board orientations and learning workshops at the local level for board members and housing agency staff. Through workshops, board members learn the relationship of the housing authority or housing agency to SHC and its governance responsibilities, including oversight monitoring, approval and accountability requirements and the roles and responsibilities of the board and the manager. Specialized training is also provided to help with the day-to-day management of properties and administration of housing programs.

In support of managerial and administrative capacity-building in northern housing authorities, SHC's Social Housing Management Learning Program (SHMLP) provides selected housing authority employees an opportunity to learn the basics of all facets of managing rental housing properties. SHC partners with the Saskatchewan Institute of Applied Science and Technology (SIAST), Northlands College, and the Real Estate Institute of Canada (REIC) to provide the SHMLP to selected participants.

Management's Discussion and Analysis

Growth, Security and Promises

While contributing to growth and security for Saskatchewan, the Saskatchewan Housing Corporation (SHC) must effectively manage the demand for financial resources to address pressures. Some pressures impacting SHC include:

- declining federal funding for ongoing operations;
- growing demand for housing due to population growth and migration;
- housing affordability;
- more conservative lending practices for homeowners and landlords; and
- managing the expenditure of various pools of government funds, including the funding received under Canada's Economic Action Plan, which will expire in 2012.

To address these issues and mitigate their potential for negative influence on the Corporation's financial outlook, SHC develops long-term financial forecasts that test the sensitivity of the organization to changing economic conditions. These financial forecasts are combined with forecast information on SHC program demand and short term and long term housing needs in communities. These forecasts guide management in resource allocation strategies. SHC will continue to deliver upon previous announcements for new housing units and repair grants, as well as continue to subsidize some 30,000 rental units in Saskatchewan. In 2011 SHC had over 1,380 new rental units in various stages of construction.

2011 – Major Developments

The Saskatchewan economy continues to experience strong economic and population growth. The growth has brought an increased demand for housing, resulting in increased pressure on housing supply and affordability. Specifically, Saskatchewan has seen a drastic increase in the price of homes and rent. Vacancy rates have fallen and new housing starts have not kept pace with demand. Add to that the trend of smaller household sizes (number of persons per household); there is a demand for more housing units. Limited developed land is available for new housing development in high need areas. Demographic changes will continue to affect SHC's operations, such as rural to urban migration, aging population, and growth of "hard-to-house" special needs populations.

In response to the global economic downturn, the financial sector is applying more stringent criteria for financing approval and tightening lending practices. This has impacted individuals applying for mortgages as well as builders and developers requiring financing for housing projects.

Also during 2011, rents and other income continued to increase. This is attributable to a rent increase in the affordable housing portfolio as well as higher incomes in the social housing portfolio resulting in higher rents. However, the amount is not enough to cover expanding operating and maintenance and rejuvenation expenses in the aging rental housing portfolios. Other uncontrollable factors affecting future maintenance and rejuvenation expenditures are weather and environmental conditions not allowing necessary work to be completed, availability of skilled trades', and unforeseeable emergency situations.

In response to the increased demand for housing, the Provincial Government announced a number of programs in 2011 to encourage the development of more housing. The Rental Construction Incentive Program was announced in March 2011 to assist municipalities with their rental development incentive programs. The response was very favourable with over 6,200 applications being received. The funding was fully subscribed to municipalities by autumn 2011. This program is expected to increase the supply of new rental units by almost 3,900 units over five years. In addition, the Summit Action Fund was announced in the summer of 2011 to encourage innovative development ideas; the secondary suites program was redesigned to encourage greater take-up of the program and the Rental Development Program was extended for three more years to develop affordable rental housing for low- to modest-income households. These initiatives contributed to a significant increase

in rental housing activity across the province in 2011 with 800 rental housing units being started compared to the 10 year average of 160 rental housing starts.

On the homeownership side, the Affordable Home Ownership Program was also announced in March 2011 and will assist in the development of 850 entry level housing units over five years. In addition, SHC continues its partnership with Habitat for Humanity.

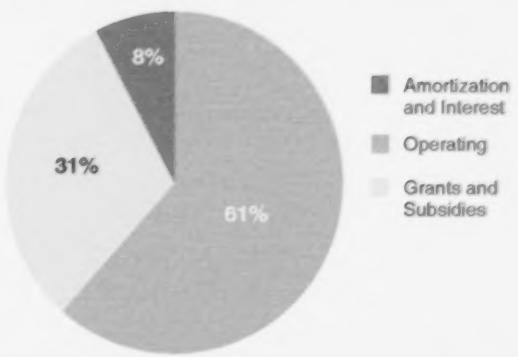
A new funding agreement with Canada Mortgage & Housing Corporation (CMHC) for Investment in Affordable Housing was signed by the Province in September 2011. The agreement establishes the approach that will guide bilateral arrangements for the affordable and renovation housing funding envelope of federal housing funds for the period 2011 – 2014. The maximum CMHC funding under this agreement is $27.57 million over the three year period. CMHC's funding will be cost matched by the Province. SHC has until March 31, 2015 to match the Federal contributions.

2011 – Results of Operations

Expenditures

Saskatchewan Housing Corporation expenditures for 2011 were $263.3 million, an increase of $23.4 million or 9.8% (2010 - $239.9 million).

2011 Expenditures - $263.3 million



Costs of operating the rental housing portfolio (excluding amortization) rose to $161.8 million, an increase of $16.8 million (2010 - $145.0 million).

Major elements of operating costs for 2011 included:

- Maintenance and renovation expenditures were $51.8 million in 2011, (2010 - $48.6 million),
- Economic stimulus expenditures in 2011 were $41.6 million (2010 - $30.1 million)
- Utilities expenditures were $18.4 million (2010 - $18.3 million),
- Grants in lieu of property taxes were $13.6 million (2010 - $13.3 million); and
- Other operating expenditures were $36.4 million (2010 -$34.6 million).

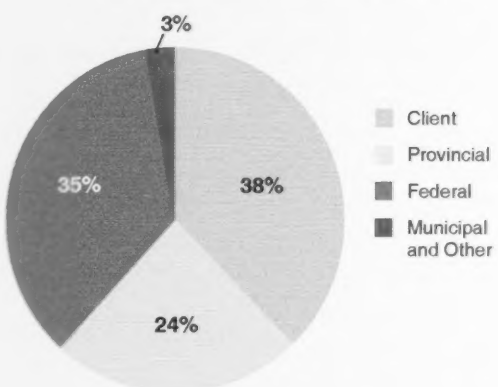
Grants and subsidies expenditures increased by $6.7 million to $81.1 million (2010 – $74.4 million). Major changes for 2011 included:

- Grants under the affordable housing program increased by $2.9 million to $32.2 million (2010 - $29.3 million),
- Grants under the Housing Trusts increased by $9.1 million to $15.1 million (2010 - $6.0 million).

Revenues

Overall revenues for SHC were $264.8 million for 2011, an increase of $31.3 million (2010 - $233.5 million).

2011 Revenues - $264.8 million



Rents and other income from clients increased by $4.2 million in 2011 to $100.0 million (2010 - $95.8 million). This is a 4.4% increase

and represents approximately 38% of SHC's total revenue. Other revenue items of note include:

- Federal contributions of $93.5 million (2010 - $85.0 million)
- Provincial contributions of $63.5 million (2010 - $46.8 million), and
- Gains on disposals of properties, interest income, and other contributions, including municipal contributions, increased to $7.9 million (2010 - $5.8 million).

Investment in Properties

At the end of 2011, SHC had $176.7 million of investments in properties, representing the unamortized book value of 18,300 owned rental units with a replacement value estimated to be $3.2 billion.

During the year, SHC completed $11.6 million of new properties and amortized $15.0 million of property costs.

Construction in progress at the end of 2011 was $2.6 million, $8.4 million less than the 2010 ending balance of $11.0 million. As these properties are completed, they will have federal and provincial funding allocated to fund the future amortization expense.

2011 Financial Position

Under the various federal agreements, SHC is able to defer to future years amounts received, but unexpended, in any given year. These Deferred Federal Contributions must be used for eligible program expenditures as specified in the agreements. During 2011, federal contributions received under the agreements were less than SHC's expenditures, resulting in a decrease in accumulated deferrals of $27.9 million to $146.1 million at December 31, 2011 (2010 - $174.0 million). Of the 2011 ending amount, $113.7 million is available for future expenditures (2010 - $139.6 million) and $32.4 million (2010 - $34.4 million) is to fund future amortization expense of capital assets.

Operating activities used $1.8 million in cash 2011. Investing and financing activities, including investment in new properties, realized $0.2 million, resulting in a net decrease of $1.6 million in SHC's cash position for the year. The 2011 ending cash and cash equivalents position is $141.2 million (2010 - $142.8 million).

The $141.2 million of cash and cash equivalents is mostly related to SHC's various deferred revenue sources, which will be recognized as related expenditures occur. At the end of 2011, SHC has some $47.8 million in contractual obligations, not including ongoing subsidy assistance, associated with these deferred funds.

Saskatchewan Housing Corporation

Summary of Key Financial Operating Results 2007 – 2011 (thousands)

	2008	2009	2010	2011	2012 Plan
Rent, operating income and other contributions	$111,466	$100,091	$101,661	$107,844	$105,711
Recognized Provincial Contributions	23,719	39,333	46,845	63,499	39,180
Recognized Federal Contributions	60,933	80,899	85,032	93,491	77,979
Total Revenues	**$196,118**	**$220,323**	**$233,538**	**$264,834**	**222,868**
Operating and other charges	$119,246	$127,150	$145,806	$162,020	$134,220
Grants and Subsidies	51,477	72,620	74,384	81,056	67,456
Amortization	16,319	15,819	14,967	14,974	14,593
Interest	9,076	4,734	4,747	5,284	5,101
Total Expenses	**$196,118**	**$220,323**	**$239,904**	**$263,334**	**$221,370**
Net Operations	**$ ---**	**$ ---**	**($6,366)**	**$ 1,500**	**$ 1,500**

2011 Financial Overview

Management's Responsibility for the Consolidated Financial Statements of Saskatchewan Housing Corporation

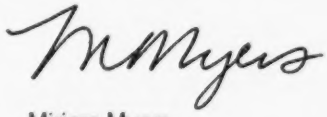
These consolidated financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements necessarily involves the use of estimates, based on informed judgements by management and giving appropriate consideration to reasonable limits of materiality. In the opinion of management, the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, changes in net assets and cash flows of Saskatchewan Housing Corporation. Financial information presented elsewhere in this annual report is consistent with the consolidated financial statements and the underlying information from which the financial statements were prepared.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

The Corporation's Board of Directors, through the Audit and Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Finance Committee meets periodically with management and with the external auditors to discuss matters relating to financial reporting, internal control and audits. The Audit and Finance Committee also reviews the consolidated financial statements before recommending approval by the Board of Directors.

The consolidated financial statements have been approved by the Board of Directors and by Treasury Board, and have been examined by external auditors appointed by the Lieutenant Governor in Council. The responsibility of the external auditors is to report to the Members of the Legislative Assembly regarding the fairness of presentation of the Corporation's financial position, results of operations, changes in net assets and cash flows as shown in the consolidated financial statements. The Auditors' Report outlines the scope of their examination and expresses their opinion.

Don Allen
President
March 27, 2012



Miriam Myers
Chief Financial Officer

Independent Auditors' Report

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying consolidated financial statements of Saskatchewan Housing Corporation, which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saskatchewan Housing Corporation as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Regina, Saskatchewan
March 27, 2012

Saskatchewan Housing Corporation
Consolidated Statement of Financial Position

As at December 31

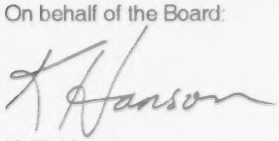
(thousands)

	2011	2010
Assets		
Investment in properties (note 4)	$176,658	$ 188,418
Land inventory (note 5)	817	766
System development (note 6)	690	1,066
Loans receivable (note 7)	6,760	7,059
Accounts receivable	14,883	34,893
Debt retirement funds (note 8)	24,967	21,934
Cash and cash equivalents (note 9)	141,191	142,815
	$365,966	**$ 396,951**
Liabilities, Deferred Contributions and Net Assets		
Liabilities and Deferred Contributions:		
Long-term debt (note 10)	$ 59,803	$ 60,987
Life interest agreements	12,143	11,944
Land profits holding account (note 11)	11,356	14,918
Accounts payable and accrued liabilities	28,382	21,463
Deferred federal contributions (note 12)	146,130	174,026
Deferred provincial contributions (note 13)	89,651	96,303
Other deferred contributions related to capital assets (note 14)	3,085	3,394
	$350,550	**$ 383,035**
Net Assets:		
Internally restricted – risk reserve (note 15)	$ 6,452	$ 13,330
Internally restricted – renovations commitments (note 15)	1,009	3,176
Unrestricted	7,955	(2,590)
	$ 15,416	**$ 13,916**
	$ 365,966	**$ 396,951**

Contingencies and contractual obligations (notes 22 and 23)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Keith Hanson
Chair, Board of Directors

Saskatchewan Housing Corporation
Consolidated Statement of Operations

For the year ended December 31

(thousands)	2011 Planned	2011 Actual	2010 Actual
Revenues:			
Rents and other income	$ 96,688	$ 99,991	$ 95,838
Land sales	- - -	334	979
Investment income and related items (note 18)	3,795	4,727	2,868
Gain (loss) on disposal of properties (note 4(b))	300	1,123	(103)
Federal contributions:			
Social Housing Agreement (note 12)	62,604	56,793	52,783
Affordable Housing Program Agreement (note 12)	32,981	33,785	27,049
Other Agreements (note 12)	3,501	2,913	5,200
Provincial contributions:			
Operating	2,355	2,355	5,510
Neighbourhood Revitalization Initiative (note 13)	17,110	6,801	15,189
Housing Trusts (note 13)	17,475	15,058	5,979
Home Energy Improvement Program (note 13)	1,545	722	2,035
Other (note 13)	34,305	38,563	18,132
Other contributions	1,838	1,669	2,079
	$274,497	**$264,834**	**$233,538**
Expenses:			
Operating (note 19)	$162,837	$161,785	$144,966
Grants and subsidies (note 20)	89,197	81,056	74,384
Amortization of investment in properties	15,066	14,974	14,967
Interest expense (note 21)	5,897	5,284	4,747
Other charges	- - -	235	840
	$272,997	**$263,334**	**$239,904**
Net Operations	**$ 1,500**	**$ 1,500**	**$ (6,366)**

See accompanying notes to the consolidated financial statements.

Saskatchewan Housing Corporation
Consolidated Statement of Changes in Net Assets

For the year ended December 31

(thousands)

	Internally Restricted			2011	2010
	Risk Reserve	Renovation Commitments	Unrestricted	Total Net Assets	Total Net Assets
Balance, beginning of year	$13,330	$ 3,176	$(2,590)	$ 13,916	$ 20,282
Net operations	- - -	- - -	1,500	1,500	(6,366)
Expenses	- - -	(3,176)	3,176	- - -	- - -
Transfer	(6,878)	1,009	5,869	- - -	- - -
Balance, end of year	**$ 6,452**	**$ 1,009**	**$ 7,955**	**$ 15,416**	**$ 13,916**

See accompanying notes to the consolidated financial statements.

Saskatchewan Housing Corporation
Consolidated Statement of Cash Flows

For the year ended December 31

(thousands)

Cash Provided By (Used In):	2011	2010
Operating Activities:		
Net operations	$ 1,500	$ (6,366)
Items not affecting cash:		
Amortization of investment in properties	14,974	14,967
Amortization of system development costs	376	376
Other charges	436	813
Interest income earned on debt retirement funds	(1,768)	(1,345)
Change in fair value of debt retirement funds	(745)	(228)
(Gain) loss on disposal of properties	(1,123)	103
Federal contributions related to capital assets recognized as revenue	(2,544)	(2,453)
Provincial contributions related to capital assets recognized as revenue	(736)	(424)
Other contributions related to capital assets recognized as revenue	(309)	(327)
Payments from land profits holding account	(4,000)	- - -
Decrease (increase) in non-cash working capital balances related to operations	26,988	(12,622)
(Decrease) increase in deferred federal contributions for expenses of future periods	(25,890)	18,054
Decrease in deferred provincial contributions for expenses of future periods	(9,278)	(32,410)
Deferral of interest income earned on provincial contributions	303	341
	$ (1,816)	$ (21,521)
Investing Activities:		
Investment in properties	$ (3,237)	$ (7,077)
Investment in land	(105)	(100)
Decrease (increase) in loans receivable	318	(167)
Proceeds from disposal of properties	1,123	5,261
Proceeds from disposal of undeveloped land	- - -	183
	$ (1,901)	$ (1,900)
Financing Activities:		
Repayment of long-term debt	$ (1,184)	$ (1,116)
Debt retirement fund installments	(520)	(520)
Life interest agreement proceeds net of refunds	199	(56)
Federal contributions allocated to capital assets	538	743
Provincial contributions designated for capital assets	3,060	(1,923)
	$ 2,093	$ (2,872)
Net decrease in cash position	$ (1,624)	$ (26,293)
Cash and cash equivalents, beginning of year	$142,815	$ 169,108
Cash and cash equivalents, end of year	$141,191	$ 142,815

See accompanying notes to the consolidated financial statements.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2011

Note 1: Status of the Corporation

The Saskatchewan Housing Corporation operates under the authority of The Saskatchewan Housing Corporation Act. Pursuant to section 36 of the Act, the Corporation receives contributions from the Government of Saskatchewan - General Revenue Fund.

The Corporation's general objectives are to undertake, facilitate, and promote measures which will contribute to the availability of adequate and suitable housing for all Saskatchewan residents, and in particular the provision of housing for senior citizens, families, the disabled and other groups or persons who require assistance. The Corporation also undertakes, facilitates and promotes measures to repair, rehabilitate and make improvements to housing.

The Corporation has been designated as a provincial Treasury Board Crown Corporation. Accordingly, its financial position, operating results and cash flows are included in the summary financial statements of the Government of Saskatchewan. As a Crown entity, the Corporation is not subject to federal income tax or provincial income and capital taxes.

Note 2: Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board (PSAB), the Corporation is classified as a government not-for-profit organization. The policies used in preparing the consolidated financial statements are in accordance with Canadian generally accepted accounting principles.

Basis of consolidation

The consolidated financial statements include the accounts of Saskatchewan Housing Corporation and local or regional housing authorities throughout the Province, controlled by the Corporation.

Housing authorities are corporate bodies with no share capital, established by ministerial order pursuant to subsection 18 (1) of The Saskatchewan Housing Corporation Act. They provide community-based property management services and deliver programs on behalf of the Corporation. Housing authorities are controlled by the Corporation by virtue of the fact that the Minister-in-charge of the Corporation has the legislative authority to appoint the members of each housing authority. Also, subsection 18 (9) of The Saskatchewan Housing Corporation Act provides that housing authorities must comply with policies established by the Corporation.

Transactions and account balances between the Corporation and housing authorities have been eliminated in these consolidated financial statements.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Provincial operating contributions provided through the Ministry of Social Services are unrestricted in nature, subject only to the broad provisions of section 36 of The Saskatchewan Housing Corporation Act. Accordingly, these contributions are recognized as revenue in the year they are received.

Provincial contributions that are restricted for a specified purpose (note 13) are deferred and are recognized as revenue when the related expenses are incurred. As directed by Treasury Board, interest income earned on investment of certain deferred provincial contributions is restricted for use on related program expenses; the restricted interest income is deferred and is recognized as revenue when the expenses are incurred. Provincial contributions used for investments in properties are recognized as revenue on the same basis as the amortization of the related assets.

Note 2: Significant Accounting Policies, continued

Federal contributions provided by Canada Mortgage and Housing Corporation (CMHC) are restricted in accordance with provisions of federal-provincial agreements (note 12). Accordingly, federal contributions are recognized as revenue when the related expenses are incurred. For housing programs within the scope of the Social Housing Agreement, federal contributions are recognized as revenue after the application of provincial operating contributions. Federal contributions used for investments in properties and related capital assets are allocated to Deferred federal contributions - capital assets, and are recognized as revenue on the same basis as the amortization of the related assets.

Revenue from property operations is recognized at the time the accommodation has been provided and there is reasonable assurance regarding collectability of the amount due from the resident household. If there is significant uncertainty as to ultimate collection, revenue is recognized when cash is received.

Sales of land intended for single family residential development are recorded at the earlier of receipt of total sale proceeds or completion of the first floor joist stage of construction. Other land sales are recorded at the earlier of receipt of total sale proceeds or the date by which all material conditions required of the Corporation as specified in the sales agreement have been satisfied, and effective control of the property has passed to the purchaser.

The cost of land sales is allocated in proportion to anticipated sales revenue for each development project.

Grants and subsidies

Grants are recognized as an expense when an application for assistance has been approved and performance requirements have been met. Forgivable loans provided to homeowners, developers, landlords, co-operatives and non-profit housing sponsors are accounted for as grants. Amounts repaid by clients who do not satisfy loan forgiveness conditions are recorded as other income.

Subsidy assistance is provided to non-profit housing sponsors and co-operatives in accordance with operating agreements that set forth either a specified amount of assistance to be provided each year or the basis on which eligibility for assistance will be determined. For the latter type of operating agreements, subsidy assistance is recognized as an expense based on actual or estimated costs incurred by each housing sponsor in the year.

The Corporation has entered into agreements which provide for transfers of ownership of specified properties to non-profit housing sponsors, for no cash consideration. When such transfers of ownership occur, the fair value of the properties transferred is recorded as grants in kind.

Allocation of expenses

The fee for management services provided by the Ministry of Social Services (note 24) is allocated to operating expenses and to grant and subsidy programs based on the respective number of Ministry employees assigned to these functions. The Corporation applies this basis of allocation in a consistent manner each year.

Investment in properties

Investment in properties is carried at cost (which includes land, acquisition or construction, administrative and carrying costs), less accumulated amortization. The recorded cost of certain properties is net of amounts provided by CMHC and municipalities in consideration for an ownership interest in the properties.

The Corporation capitalizes costs that increase service potential by adding housing units to existing properties. Asset regeneration costs that result in replacement of housing units are also capitalized. Maintenance and renovation costs are expensed as incurred.

Note 2: Significant Accounting Policies, continued

Amortization expense is recorded on a straightline basis over periods of up to forty years. On an ongoing basis, management reviews estimates of the useful life of properties, in the context of their respective service potential. These estimates are used to determine the periods over which the investment is amortized. Adjustments to amortization periods are accounted for on a prospective basis.

For properties whose service potential is impaired, due to a decline in the local demand for rental accommodation or other circumstances, the carrying amount is written down in proportion to the number of housing units for which vacancies are assessed by management as other than temporary in nature.

Properties held for sale are recorded at the lower of the carrying amount and fair value net of selling costs. Amortization is not recorded while a property is classified as held for sale. A property is classified as held for sale at the time the property is available for immediate sale, management has committed to a plan to sell the property and is actively marketing the property for sale at a price that is reasonable in relation to the fair value of the asset, and a sale is probable and expected to be completed within a one-year period.

Land inventory

Land inventory is recorded at the lower of net realizable value and cost (which includes acquisition, development, administrative and carrying costs). Cost is measured based on specific identification of the costs attributable to particular land holdings.

Interest capitalization

Interest is capitalized on housing projects at rates established at individual project commitment dates, based on approximate market rates at the time.

System development

Software license acquisitions and related applications development costs are capitalized. System development costs are amortized on a straight line basis from the date the system is placed in use, over the estimated useful life of up to ten years.

Financial instruments – classification and measurement

The Corporation has classified its financial instruments into one of the following categories: held-for-trading; loans and receivables; or other financial liabilities. All financial instruments are measured at fair value upon initial recognition; their subsequent measurement is dependent on their classification.

Cash and cash equivalents and debt retirement funds are classified as held-for-trading and are measured at fair value. Interest income earned, realized gains or losses and unrealized changes in the fair value of debt retirement fund investments are included in interest income and related items.

Accounts receivable and loans receivable are classified as loans and receivables and are measured at amortized cost, using the effective interest method. Loss provisions in respect of tenant accounts are netted against rents and other income. Loan impairment provisions are included in other charges.

Accounts payable and accrued liabilities, the land profits holding account, life interest agreements and long-term debt are classified as other financial liabilities and are measured at amortized cost, using the effective interest method.

Loans receivable

Loans receivable are recorded at amortized cost using the effective interest method, less an allowance for loan impairment. Cost includes amounts advanced, accrued interest and other charges, less repayments and subsidies.

Note 2: Significant Accounting Policies, continued

Debt retirement funds

Debt retirement funds consists of monies deposited into funds administered by the Saskatchewan Ministry of Finance, invested to provide funds for repayment of certain advances from the General Revenue Fund. Interest income on investments is recognized as revenue in the period it is earned.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances with banks, and investments in money market instruments with a maturity of four months or less from the date of acquisition, net of outstanding cheques.

Life interest agreements

The Corporation has received interest-free advances from the residents of certain seniors' housing projects in consideration for a life interest in a designated housing unit. Amounts received in respect of individual agreements are refundable to the residents or to their estate following termination of the life interest agreement, and are recorded as a liability of the Corporation.

Guarantees and indemnities

Losses on guarantees and indemnities (note 22) are provided for on the basis of an assessment of mortgage accounts that are in arrears, taking into consideration the fair value of the associated property net of selling costs.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Significant items subject to estimates include the carrying amount and amortization of investment in properties and underlying assessments of service potential, the valuation of land held for future development and the carrying amount of loans receivable and underlying estimates of the allowance for loan impairment. Due to the inherent uncertainty involved, actual results could differ from management's estimates. Estimates are also required in determining the fair value of long-term debt for disclosure purposes.

Note 3: Future Accounting Changes

Adoption of Public Sector Accounting Framework

PSAB has amended the Introduction to Public Sector Accounting Standards to require that government not-for-profit organizations adopt standards in the Public Sector Accounting (PSA) Handbook, for financial statements relating to fiscal periods beginning on or after January 1, 2012. The Corporation has decided to adopt the standards for not-for-profit organizations (PSA Handbook sections PS 4200 to PS 4270). Management is further evaluating the impact of adopting the public sector accounting framework.

December 31, 2011

Note 4: Investment in Properties

(*thousands*)

a) Carrying Amount

	Cost	Accumulated Amortization	2011 Carrying Amount	2010 Carrying Amount
Wholly-owned housing projects	$263,566	$138,830	$124,736	$121,814
Housing investment	141,738	94,305	47,433	53,595
Construction in progress	2,599	---	2,599	11,000
Other properties	2,420	530	1,890	2,009
	$410,323	**$233,665**	**$176,658**	**$188,418**

The carrying amount of Investment in properties is dependent upon the continued receipt of contributions from CMHC and from the General Revenue Fund.

Housing investment represents the Corporation's ownership interest in housing projects constructed or acquired pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC and municipalities in consideration for an ownership interest in the housing projects.

The Corporation and CMHC have executed a Declaration of Trust by which the Corporation is trustee for CMHC's ownership interest in partnership and 100% CMHC-owned housing projects. CMHC's ownership interest will be earned by the Corporation over the remainder of each project's CMHC subsidy commitment period, in amounts which correspond to CMHC's annual amortization of the assets. Accordingly, no increase in Investment in properties was recorded by the Corporation.

b) Disposal of Properties

During 2011 the Corporation disposed of certain properties, comprised mostly of single-family homes. Proceeds, net of CMHC's share and the municipal share where applicable, were $1,123 (2010 - $5,261). A gain (loss) on disposal of $1,123 (2010 - $(103)) was recognized.

The annual operating revenues and expenses in respect of the properties disposed of during 2011 are not material to the Corporation's consolidated operations.

Note 5: Land Inventory

(*thousands*)

	Cost	Accumulated Write-downs	2011 Carrying Amount	2010 Carrying Amount
Developed and under developed	$ 2,348	$ 1,883	$ 465	$ 414
Held for future development	22,928	22,576	352	352
	$ 25,276	**$ 24,459**	**$ 817**	**$ 766**

Note 6: System Development

(thousands)

System development is comprised of software licensing and applications development costs totalling $3,763 (2010 - $3,763), less accumulated amortization of $3,073 (2010 - $2,697). Amortization of $376 (2010 - $376) is included in other operating expenses.

Note 7: Loans Receivable

(thousands)

			2011	2010
	Amortized Cost	Allowance for Loan Impairment	Carrying Amount	Carrying Amount
Second mortgages	$ 5,420	$ 772	$ 4,648	$ 4,798
Other mortgages	2,132	20	2,112	2,261
Other loans	51	51	---	---
	$ 7,603	**$ 843**	**$ 6,760**	**$ 7,059**

Second mortgages mature at various dates from 2018 to 2021 and are repayable in full at the maturity date. Interest income recorded by the Corporation is comprised of accrued interest due from clients (charged at rates from 2.150% to 2.38%) plus a subsidy of 2.00%.

Other mortgages and loans are repayable in monthly instalments of principal and interest and mature at various dates to the year 2029. These loans earned interest income at rates from 3.00% to 7.20% (2010 - 3.00% to 7.20%) per annum.

For the year ended December 31, 2011, other charges as reported in the Consolidated Statement of Operations includes a (recovery of) provision for loan impairment of $(19) (2010 - $31).

Note 8: Debt Retirement Funds

Under conditions attached to certain advances from the General Revenue Fund (note 10), the Corporation is required to pay annually into debt retirement funds held and invested by the Saskatchewan Ministry of Finance an amount at least equal to one per cent of the advances outstanding. Debt retirement funds are invested primarily in provincial government debt instruments, including Province of Saskatchewan debt instruments with a weighted average yield of 4.71% as at December 31, 2011 (2010 – 5.09%).

Debt retirement fund instalments totalling $520 are due in each of the five years from 2012 to 2016.

Note 9: Cash and Cash Equivalents

(thousands)

Cash and cash equivalents is comprised of investments in Canadian money market instruments with a fair value of $133,981 (2010 - $148,935) and bank balances (indebtedness) of $7,210 (2010 - $(6,120)). Cash equivalents earned interest at rates from 1.07% to 1.15% (2010 – 1.13% to 1.23%) per annum.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2011

Note 10: Long-term Debt

(thousands)

		2011	2010
Advances repayable to General Revenue Fund:			
Year Payable	**Weighted Average Interest Rate (%)**		
2019	6.27	$ 31,106	$ 31,106
2020	6.48	20,898	20,898
		$ 52,004	$ 52,004
Mortgages payable to CMHC, secured by properties with a carrying amount of $6,371 (2010 - $7,304):			
due at various dates from April 1, 2016 to June 1, 2016, repayable in monthly instalments of $17 including interest at a rate of 1.46%		886	- - -
due at various dates from December 1, 2011 to September 1, 2012, repayable in monthly instalments of $121 (2010 - $140) including interest at rates from 5.52% to 6.24%		6,913	8,983
		$ 59,803	**$ 60,987**

In 2011, the Corporation renewed mortgages with CMHC totalling $886, for terms of 52 to 54 months.

Principal repayments due in each of the next five years are as follows:

2012	$7,109
2013	198
2014	201
2015	204
2016	87
Thereafter	52,004

Note 11: Land Profits Holding Account

Profits earned on residential land development projects are distributed in accordance with the terms of development agreements with the participating municipalities. These agreements specify that profits are to be transferred to a holding account for use in development of capital projects in the municipality as approved by the Corporation, including Social Housing or Affordable Housing projects. Interest is credited to the municipal share of the holding account balance at the average rate earned by the Corporation on investments in money market instruments.

December 31, 2011

Note 12: Deferred Federal Contributions

(thousands)

	2011	2010
Expenses of future periods	$ 113,747	$ 139,637
Capital assets	32,383	34,389
	$ 146,130	**$ 174,026**

Expenses of Future Periods

				2011	2010
	Social Housing Agreement	Affordable Housing Program Agreement	Other Agreements	Total	Total
Balance, beginning of year	$ 105,150	$ 31,207	$ 3,280	$ 139,637	$ 121,583
Contributions from CMHC	50,024	8,509	5,847	64,380	100,604
Interest credited	1,215	- - -	- - -	1,215	772
Contributions allocated to capital assets	(329)	(209)	- - -	(538)	(742)
Recognized as revenue	(54,679)	(33,539)	(2,729)	(90,947)	(82,580)
Balance, end of year	**$ 101,381**	**$ 5,968**	**$ 6,398**	**$ 113,747**	**$ 139,637**

The Social Housing Agreement took effect on January 1, 1997. Pursuant to the Agreement, CMHC will pay fixed annual contributions to the Corporation over the remainder of the CMHC subsidy commitment period for individual housing projects. A specified amount of the annual federal contributions must be applied toward housing programs which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs within the scope of the Agreement is similarly specified. Interest is credited to Deferred federal contributions – expenses of future years in accordance with the Agreement. Unexpended federal contributions must be carried forward by the Corporation for use toward expenses of future periods. Such contributions must be fully used, in accordance with the Agreement, by the Funding Expiration Date of December 31, 2038.

The primary objective of the Affordable Housing Program Agreement is to increase the off-reserve supply of affordable housing in Saskatchewan. Supplementary Agreement No. 2 to the Affordable Housing Program Agreement provides for CMHC to make matching contributions to the Corporation of up to $8,180 for development of affordable rental housing projects. Eligible expenditures must be incurred by March 31, 2013.

Supplementary Agreement No. 2 also established a plan for the use of federal Economic Stimulus funding. CMHC will make matching contributions to the Corporation of up to $65,620, for renovation of properties within the scope of the Social Housing Agreement and for development of rental housing for low-income seniors and persons with disabilities. Eligible expenditures must be incurred by March 31, 2012, except as otherwise approved by CMHC.

December 31, 2011

Note 12: Deferred Federal Contributions, continued

The Housing Renovation Program Agreement ("Other Agreements") establishes a structure for cost-shared programs that provide assistance to homeowners and landlords, for repairs to and rehabilitation of properties occupied by low income households. CMHC will contribute up to 75% of funding for eligible program costs. A Supplementary Agreement Letter extended the term of the Housing Renovation Program Agreement by two years, to provide funding for commitments approved by March 31, 2011. Eligible program costs must be incurred by March 31, 2013.

During the year, the Corporation and CMHC executed the Agreement for Investment in Affordable Housing 2011-2014 ("Other Agreements"). CMHC will make matching contributions of up to $27,570 for use toward provincial programs targeted to households in need, for commitments approved by the Corporation from April 1, 2011 to March 31, 2014. Programs within the scope of the Agreement shall increase housing supply, improve housing affordability, improve and preserve the quality of the existing housing stock or extend the independent living capacity of seniors and persons with disabilities.

Capital Assets

				2011	2010
	Social Housing Agreement	Affordable Housing Program Agreement	Other Agreements	Total	Total
Balance, beginning of year	$ 24,300	$ 9,720	$ 369	$ 34,389	$ 36,099
Contributions allocated	329	209	- - -	538	742
Recognized as revenue	(2,114)	(246)	(184)	(2,544)	(2,452)
Balance, end of year	**$ 22,515**	**$9,683**	**$ 185**	**$ 32,383**	**$ 34,389**

The Corporation may allocate federal contributions to investments in properties and related capital assets owned by the Corporation. Deferred federal contributions related to capital assets represent the unrecognized amount used for that purpose. These contributions are recognized as revenue on the same basis as the amortization of the related assets.

Note 13: Deferred Provincial Contributions

(thousands)

	2011	2010
Neighbourhood Revitalization Initiative	$ 29,777	$ 36,284
Housing Trusts	16,239	31,297
Home Energy Improvement Program	1,799	2,521
Other	41,836	26,201
	$ 89,651	**$ 96,303**

December 31, 2011

Note 13: Deferred Provincial Contributions, continued

Neighbourhood Revitalization Initiative

	Expenses of Future Periods	Capital Assets	2011 Total	2010 Total
Balance, beginning of year	$ 22,979	$ 13,305	$ 36,284	$ 51,168
Contributions allocated	(945)	945	---	---
Interest credited	294	---	294	305
Recognized as revenue	(6,427)	(374)	(6,801)	(15,189)
Balance, end of year	**$ 15,901**	**$ 13,876**	**$ 29,777**	**$ 36,284**

The Corporation has received certain provincial contributions that are to be used for neighbourhood revitalization initiatives. The contributions are recognized as revenue on the same basis as the related grant or subsidy expense or amortization of the related property, as applicable.

Housing Trusts

	Affordable Housing Trust	Off-Reserve Aborigial Housing Trust	Capital Assets	2011 Total	2010 Total
Balance, beginning of year	$ 12,531	$ 18,341	$ 425	$ 31,297	$ 37,276
Contributions allocated	(647)	(1,468)	2,115	---	---
Recognized as revenue	(5,878)	(9,180)	---	(15,058)	(5,979)
Balance, end of year	**$ 6,006**	**$ 7,693**	**$ 2,540**	**$ 16,239**	**$ 31,297**

Monies allocated to the Government of Saskatchewan from federal housing trusts are to be used for initiatives that are consistent with the intent of certain conditions established by the federal government, as set forth in the Operating Principles for each trust. Affordable Housing Trust monies are to be used for capital investments, and are not to be used to support property operations or to provide ongoing subsidy assistance to housing sponsors. Off-Reserve Aboriginal Housing Trust monies are to be used for initiatives that directly support housing for Métis and First Nations persons living off-reserve. The contributions are recognized as revenue when related expenses are incurred.

Home Energy Improvement Program

	2011	2010
Balance, beginning of year	$ 2,521	$ 4,528
Interest credited	---	28
Recognized as revenue	(722)	(2,035)
Balance, end of year	**$ 1,799**	**$ 2,521**

December 31, 2011

Note 13: Deferred Provincial Contributions, continued

The Corporation has received certain provincial contributions for the specific purpose of providing grants to low-income and moderate-income households under the Saskatchewan Home Energy Improvement Program. The designation of provincial contributions for this purpose was approved by Cabinet. The contributions are recognized as revenue when related expenses are incurred.

Other

			2011	2010
	Expenses of Future Periods	Capital Assets	Total	Total
Balance, beginning of year	$ 13,703	$ 12,498	$ 26,201	$ 37,747
Contributions received	54,189	- - -	54,189	6,578
Interest credited	9	- - -	9	8
Recognized as revenue	(38,201)	(362)	(38,563)	(18,132)
Balance, end of year	**$ 29,700**	**$ 12,136**	**$ 41,836**	**$ 26,201**

The Corporation has received provincial contributions totalling $54,189 (2010 - $6,578) from the Ministry of Social Services, for the following specified purposes:

Provincial cost-matching - Affordable Housing Program Agreement	$ 24,524
Provincial cost-matching - Agreement for Investment in Affordable Housing 2011-2014	9,190
Development of affordable housing projects	1,500
Development of group homes and other facilities, for community-based organizations	9,775
Equipment upgrades for facilities owned by community-based organizations	500
Rental Construction Incentive	2,320
Affordable Home Ownership Program	380
Housing Summit Action Fund	6,000
	$ 54,189

These contributions, and similarly restricted contributions received from the Ministry of Social Services in 2010 and prior years, are recognized as revenue when related expenses are incurred.

December 31, 2011

Note 14: Other Deferred Contributions Related to Capital Assets

(thousands)

	2011	2010
Balance, beginning of year	$ 3,394	$ 3,721
Recognized as revenue	(309)	(327)
Balance, end of year	**$ 3,085**	**$ 3,394**

This balance relates to certain properties transferred to the Corporation, as well as contributions provided by Saskatchewan government ministries and municipalities for the construction or acquisition of housing by the Corporation. These contributions are recognized as revenue on the same basis as the amortization of the related properties.

Note 15: Internally Restricted Net Assets

(thousands)

Risk Reserve

The Corporation has established a Risk Reserve, to mitigate operating risks associated with the Corporation's financial responsibility for housing programs transferred from CMHC pursuant to the Social Housing Agreement. The Corporation's board of directors has approved a transfer of $6,242 from the Risk Reserve to Unrestricted net assets, effective January 1, 2011, and annual transfers to be determined based on the reduction in the aggregate balance of indemnified CMHC mortgage loans outstanding (note 22(a)). For the year ended December 31, 2011, $636 was transferred from the Risk Reserve to Unrestricted net assets.

Renovation Commitments

The Corporation and housing authorities controlled by the Corporation enter into contracts for renovation of properties. An internal restriction of net assets has been made to reflect outstanding commitments under certain renovation contracts as of December 31, 2011. As expenses are incurred they are charged to operations, with a corresponding reduction to the appropriated amount.

Note 16: Capital Management

(thousands)

The Corporation's objective when managing capital is to ensure that sufficient funds are available to pay housing program obligations. The capital structure includes repayable advances from the General Revenue Fund, mortgage financing from CMHC and the Corporation's net assets. Property investments in 2011 and in 2010 were financed using contributions from CMHC and from the General Revenue Fund.

The Corporation's borrowing powers are set forth at section 39 of The Saskatchewan Housing Corporation Act. Monies may be borrowed for the purposes of the Corporation, subject to the approval of the Lieutenant Governor in Council. Subsection 41(1) of the Act places a restriction of $500,000 on the aggregate principal amount of borrowed monies that may be outstanding.

December 31, 2011

Note 17: Financial Instruments and Risk Management

(thousands)

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis explains the nature and extent of the Corporation's exposures to credit risk, interest rate risk, market risk and liquidity risk, and how the Corporation manages those risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit risk through its investments in Canadian money market instruments (which are accounted for as cash equivalents) and its debt retirement fund investments, and through its accounts receivable and loans receivable. The maximum exposure to credit risk, as represented by the carrying amounts of the Corporation's financial assets, is as follows:

	2011	2010
Financial assets classified as held-for-trading:		
Cash and cash equivalents	$141,191	$142,815
Debt retirement funds	24,967	21,934
Financial assets classified as loans and receivables:		
Accounts receivable	$ 14,883	$ 34,893
Loans receivable	6,760	7,059

Investments in money market instruments are purchased through the Saskatchewan Ministry of Finance. The Corporation's policy is to invest only in instruments which secure the preservation of capital and sufficient liquidity to meet short-term financial obligations as they come due. Credit risk is minimized by transacting with institutions that have strong credit ratings.

Debt retirement funds are on deposit with the General Revenue Fund, and are invested as the Saskatchewan Ministry of Finance may determine. As at December 31, 2011, the funds are invested primarily in provincial government debt instruments with varying maturities. Credit risk associated with these investments is considered to be low.

Accounts receivable consist primarily of invoiced amounts due from CMHC and municipalities, federal Goods and Services Tax rebates, accrued interest income and amounts due from non-profit housing sponsors, which in aggregate represent 81% (2010 - 88%) of balances outstanding. The carrying amount of these and other accounts receivable, excluding tenant accounts, is $14,500 as at December 31, 2011 (2010 - $34,641). Credit risk on these accounts is considered to be low, and management does not consider the amounts outstanding to be past due.

Tenant accounts are managed by public housing authorities. Credit risk arises from the possibility that tenants might be unable to fulfill their lease commitments. Public housing authorities mitigate this risk by conducting rental reference checks prior to tenant placement, through well defined procedures for addressing rent arrears, and by limiting the exposure to credit loss for any one tenant.

The carrying amount of tenant accounts receivable is $283 as at December 31, 2011 (2010 - $252). This amount is comprised of rent arrears in respect of current tenants totalling $188 (2010 - $171) and former tenants totalling $696 (2010 - $612), less an allowance for doubtful accounts of $601 (2010 - $531).

Note 17: Financial Instruments and Risk Management, continued

The allowance for doubtful accounts is determined based on a review of account balances in respect of former tenants. Rent arrears in respect of current tenants are not considered to be impaired, as there is an ongoing client relationship. Account balances in respect of former tenants are written off once it is determined that all reasonable collection efforts have been exhausted, and the Corporation's management has approved a write-off. Changes in the allowance for doubtful accounts are as follows:

	2011	2010
Balance, beginning of year	$ 531	$ 478
Accounts written off	(469)	(455)
Recoveries	49	34
Provision for bad debts	490	474
Balance, end of year	**$ 601**	**$ 531**

Credit risk also arises from the possibility that borrowers might default on their contractual loan obligations. Credit exposure on loans receivable is managed through appropriate account administration.

For second mortgages, the allowance for loan impairment represents a general provision for potential future credit losses. For other mortgages and loans, the allowance for impairment is determined on the basis of a review of individual clients' payment records. Generally, management considers an account to be impaired if there is no longer reasonable assurance of timely collection of the full amount of principal and interest. Management also takes into consideration the estimated realizable value of mortgage security where applicable. Changes in the allowance for loan impairment are as follows:

	2011	2010
Balance, beginning of year	$ 862	$ 870
Accounts written off	- - -	(39)
(Recovery of) provision for impairment	(19)	31
Balance, end of year	**$ 843**	**$ 862**

Credit risk associated with mortgage guarantees provided by the Corporation and the obligation to indemnify CMHC against losses on certain loans is described at Note 22, Contingencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation is exposed to interest rate risk on the maturity of its loans receivable, debt retirement fund investments and cash equivalents, and on the maturity of its long-term debt.

The Corporation manages interest rate risk on long-term debt by obtaining long-term advances through the General Revenue Fund at fixed interest rates, and by renewing mortgage financing with CMHC at fixed interest rates for the maximum available term. Because long-term debt is comprised entirely of instruments with fixed interest rates, the Corporation has not provided a sensitivity analysis to show the effect of interest rate changes on operating results.

As at December 31, 2011, the Corporation had no financial contracts in place to offset interest rate risk. Management believes that reasonably possible changes in interest rates would not result in a material change in the fair value of debt retirement fund investments, therefore the Corporation has not provided a sensitivity analysis to show the effect of such interest rate changes on operating results.

December 31, 2011

Note 17: Financial Instruments and Risk Management, continued

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the particular instrument or issuer or factors affecting all instruments traded in the market. The Corporation is exposed to market risk through its debt retirement fund investments. Fluctuations in fair value similar to those experienced in 2011 would not have a material impact on the Corporation's operating results.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting financial obligations as they fall due. To manage liquidity risk, the Corporation maintains adequate cash balances and invests in money market instruments with a maturity of four months or less from the date of acquisition. The instruments are readily convertible to known amounts of cash. Also, the Corporation has established a line of credit facility with the General Revenue Fund, which allows the Corporation to access up to $45,000 on a revolving basis. The Corporation did not draw on this line of credit facility in 2011 or in 2010.

A maturity analysis of the Corporation's financial liabilities as at December 31, 2011 is as follows. The contractual cash flows reported are undiscounted and include interest payments and finance charges.

		Contractual Cash Flows				
	Carrying Amount	Total	2012	2013	2014 to 2016	2017 and thereafter
Advances repayable to General Revenue Fund	$ 52,004	$ 78,742	$ 3,824	$ 3,824	$11,472	$ 59,622
Mortgages payable to CMHC	7,799	8,046	7,338	207	501	- - -
Subtotals for long-term debt	$ 59,803	$ 86,788	$11,162	$ 4,031	11,973	$ 59,622
Life interest agreements	12,143	12,143	12,143	- - -	- - -	- - -
Land profits holding account	11,356	11,356	11,356	- - -	- - -	- - -
Accounts payable and accrued liabilities	28,382	28,647	27,349	112	1,050	136
	$111,684	**$138,934**	**$ 62,010**	**$ 4,143**	**$ 13,023**	**$ 59,758**

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities represents an approximation of amounts that the Corporation would have received or paid, calculated at the reporting date, to settle these instruments prior to maturity. Fair values are based on market conditions at a specific point in time, and may not be reflective of future fair values. The fair values of certain instruments, including long-term debt and debt retirement fund investments, will fluctuate as market interest rates change.

Fair value measurements are categorized into levels within a fair value hierarchy, based on the nature of the inputs used in the valuation. Level 1 inputs are quoted prices in active markets, for identical instruments. Level 2 inputs are valuations derived from observable market prices other than the quoted prices included in Level 1.

Debt retirement fund investments are measured at fair value in the Consolidated Statement of Financial Position. The fair value of $24,967 (2010 - $21,934) was determined by the Saskatchewan Ministry of Finance, using information provided by investment dealers (Level 2 inputs). Valuations reflect indicative secondary market pricing, or are determined by reference to prices for similar actively traded instruments.

December 31, 2011

Note 17: Financial Instruments and Risk Management, continued

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates the respective carrying amounts of these instruments due to the short period to maturity. Similarly, the fair value of loans receivable other than second mortgages (note 7) approximates the carrying amount because in most instances the interest rate is renewed annually.

For long-term debt, the carrying amounts and estimated fair values are as follows:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Advances repayable to General Revenue Fund	$ 52,004	$ 67,226	$ 52,004	$ 62,685
Mortgages payable to CMHC	7,799	8,011	8,983	9,423

The estimated fair value of long-term debt is based on the present value of future cash flows discounted at the December 31 market rate of interest for Province of Saskatchewan or Government of Canada debt instruments with a similar maturity date, as applicable.

The fair value of life interest agreements is not reported as it is not practically determinable, since there is no fixed repayment date for the individual agreements. Similarly, the fair value of second mortgages is not practically determinable. The fair value of mortgage guarantees and the obligation to indemnify CMHC against losses on certain loans (note 22) are also not practically determinable, as there is no market for these instruments.

Note 18: Interest Income and Related Items

(*thousands*)

	2011	2010
Interest income earned on debt retirement funds	$ 1,768	$ 1,345
Change in fair value of debt retirement funds	745	228
Interest income earned on other investments	2,087	1,131
Interest income earned on loans receivable	430	505
Less amounts deferred:		
Neighbourhood Revitalization Initiative	(294)	(305)
Home Energy Improvement Program	---	(28)
Other	(9)	(8)
	$ 4,727	**$ 2,868**

December 31, 2011

Note 19: Operating Expenses

(*thousands*)

	2011	2010
Maintenance and renovation	$ 93,426	$ 78,688
Utilities	18,423	18,323
Grants in lieu of property taxes	13,558	13,323
Other operating	36,378	34,632
	$161,785	**$144,966**

Other operating expense includes charges totalling $4,188 (2010 - $4,028) in respect of management services provided to the Corporation by the Ministry of Social Services.

Note 20: Grants and Subsidies

(*thousands*)

	2011	2010
Affordable Housing Programs	$ 32,207	$ 29,311
Neighbourhood Revitalization Initiative	6,413	7,511
Housing Trusts	15,055	5,979
Housing Renovation Program Agreement	5,917	7,507
Rental Construction Incentive	1,760	- - -
Affordable Home Ownership Program	234	- - -
Housing Summit Action Fund	22	- - -
Subsidy assistance - Non-profit housing	13,053	12,953
Subsidy assistance - Co-operative housing	2,105	2,578
Saskatchewan Rental Housing Supplement Program	- - -	4,987
Home Energy Improvement Program	722	2,035
Other grants and subsidies	3,568	1,523
	$ 81,056	**$ 74,384**

Subsidy assistance is provided to non-profit housing sponsors and co-operatives in accordance with operating agreements that set forth either a specified amount of assistance to be provided each year or the basis on which eligibility for assistance will be determined. These agreements expire at various dates to the year 2029 (note 23(c)).

Subsidy assistance - Non-profit housing includes assistance of $2,032 (2010 - $2,015) provided to Regional Health Authorities, in respect of certain nursing home facilities.

Grants pursuant to Affordable Housing Programs include assistance of $1,211 (2010 - nil) provided to North West Regional College.

Grants and subsidies expense includes charges totalling $3,481 (2010 - $3,994) in respect of management services provided to the Corporation by the Ministry of Social Services.

Note 21: Interest Expense

(thousands)

	2011	2010
Interest incurred	$ 5,290	$ 4,869
Less: Interest capitalized	(6)	(122)
	$ 5,284	**$ 4,747**

Interest incurred is comprised of $3,963 (2010 - $4,025) paid during the year, $1,215 (2010 - $772) credited to Deferred federal contributions and $123 (2010 - $78) credited to the land profits holding account, less a reduction in accruals of $11 (2010 - $6).

Interest incurred includes $3,304 (2010 - $3,304) on advances repayable to the General Revenue Fund. Accrued interest payable to the General Revenue Fund at December 31, 2011 totalled $774 (2010 - $774).

Note 22: Contingencies

(thousands)

a) Social Housing Agreement

Pursuant to the Social Housing Agreement, the Corporation assumed responsibility for administration of a portfolio of mortgage loans provided by CMHC to third party housing sponsors, including accounts added to the portfolio since the Agreement took effect on January 1, 1997. The Agreement states that the Corporation shall indemnify CMHC against all losses and expenses arising from defaults by borrowers. As at December 31, 2011, mortgages with an aggregate balance of $137,797 (2010 - $151,702) were outstanding. The mortgages are being amortized through monthly payments and mature at various dates to the year 2030.

The portfolio includes 111 (2010 - 115) mortgages, totalling $58,251 (2010 - $63,173), provided to non-profit and co-operative housing sponsors who receive ongoing subsidy assistance from the Corporation that is presently sufficient to enable mortgage payments to be made when due. The portfolio also includes 192 (2010 - 211) mortgages, totalling $79,546 (2010 - $88,529), provided to sponsors of nursing home or group home facilities who receive funding for operations from the Ministry of Health or the Ministry of Social Services, respectively.

Upon signing the Social Housing Agreement, the Corporation received a one-time federal contribution of $11,700 in consideration for assuming financial responsibility for housing programs transferred from CMHC, including the portfolio of indemnified mortgage loans. The Corporation has established a Risk Reserve (note 15) to fund losses incurred on these loans. As at December 31, 2011, none of the mortgages administered on behalf of CMHC were in default, and accordingly no liability is recorded in respect of the Corporation's obligation to indemnify CMHC.

b) Saskatchewan Mortgage Guarantee Program

During 1986 and 1987 the Corporation provided mortgage guarantees to private lenders financing certain new housing construction. As at December 31, 2011, a total of 3 (2010 - 5) mortgage guarantees were in effect, and the outstanding balance of mortgages guaranteed was $1,095 (2010 - $1,201). The mortgages are being amortized through monthly payments and mature at various dates to the year 2023.

Note 22: Contingencies, continued

The guarantees are in respect of mortgages advanced to individual homeowners, except for a mortgage with a balance of $1,070 (2010 - $1,148) provided to the sponsor of a seniors' housing project.

Management believes that credit risk on these guarantees is minimal, due to the maturity of the mortgage portfolio. As at December 31, 2011, none of the mortgages were in default, and accordingly no liability is recorded in respect of the guarantees provided by the Corporation.

Note 23: Contractual Obligations

(thousands)

The Corporation had the following contractual obligations as at December 31, 2011:

(a) Construction costs of $2,782;
(b) Renovation expenses of $10,248 and
(c) Grants and subsidies:

The Corporation has approved commitments under various programs for grants or ongoing subsidy assistance to homeowners, developers, landlords, co-operatives, non-profit housing sponsors and related parties. As at December 31, 2011, commitments for grants for which performance requirements have not been met totalled $34,780. The estimated cost of ongoing subsidy assistance for the next five years is as follows:

2012	$15,300
2013	15,100
2014	14,600
2015	14,300
2016	14,300

Ongoing subsidy assistance obligations include $2,002 to be provided to Regional Health Authorities in each year 2012 to 2014, $1,993 in 2015 and $1,987 in 2016.

Uncertainty regarding future interest rates and other economic factors precludes reasonable estimation of the Corporation's obligations for ongoing assistance beyond a five-year period.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2011

Note 24: Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, and agencies related to the Corporation by virtue of common control by the Government of Saskatchewan, collectively referred to as "related parties".

Transactions with related parties in the normal course of operations are settled at the prevailing prices charged by these organizations, under normal trade terms. These transactions are not significant to the Corporation's consolidated operations or financial position except as described below.

(thousands)

	2011	2010
Expenses:		
Services provided by Saskatchewan Power Corporation ("SaskPower")	$ 6,038	$ 5,854
Services provided by SaskEnergy Incorporated ("SaskEnergy")	5,974	6,158
Services provided by Ministry of Social Services	7,669	8,020
Services provided by Information Technology Office	1,347	1,305
Investment in properties, for the year ended December 31:		
Services provided by SaskPower	$ 26	$ 23
Services provided by SaskEnergy	- - -	4
Accounts payable and accrued liabilities, as at December 31:		
SaskPower	$ 591	$ 402
SaskEnergy	547	442
Information Technology Office	60	184

The Ministry of Social Services provides management services to the Corporation. Charges are recorded for administration of housing operations and other programs within the scope of the Social Housing Agreement, for delivery of programs within the scope of other agreements between the Corporation and CMHC, and for delivery of programs funded from provincial contributions. Amounts charged to the Corporation do not exceed related costs incurred.

Accounts payable and accrued liabilities as at December 31, 2011 includes $552 (2010 - $408) received from Saskatchewan government ministries and agencies, restricted for use on renovations to certain Staff Housing units.

Other transactions with and amounts due to related parties are described separately in these consolidated financial statements and the notes hereto.

For More Information

For additional copies of this Annual Report, please call 1-800-667-7567 or visit SHC's home page at: http://www.socialservices.gov.sk.ca/housing and click on the "Annual Reports" link. Information on housing programs and services is also available at this website.

Copies of SHC's Annual Reports dating back to 2005 are also available online.

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Saskatchewan Housing Network

Corporate Governance

Board Responsibilities

The Board is responsible for establishing a strategic direction for the Corporation within the context of Government priorities and directions, and monitoring results towards those ends.

The Board oversees the financial affairs of the Corporation, approving business and budget plans, and monitoring financial results; ensures that significant risks to the business of the Corporation are identified and that internal controls and plans are in place to mitigate identified risks; oversees housing program design within the parameters set by the Government of Saskatchewan and/or the Government of Canada cost-sharing requirements; ensures the Corporation's assets, including information, are safeguarded; and appoints the Corporation's external auditors subject to the Government of Saskatchewan guidelines, which respect the role of the Provincial Auditor.

The Board does not become involved in day-to-day management, but entrusts operational decisions to senior management. Senior management is held accountable for the Corporation's performance.

Board Composition and Compensation

As of December 31, 2011, the Board consisted of six members with diverse experience and expertise, representing a broad spectrum of housing industry stakeholders.

As a Treasury Board Crown Corporation, remuneration for the Board is established by Treasury Board policy. Board members receive per diems for meetings attended. Travel and sustenance reimbursement for Board business is at prevailing Government of Saskatchewan rates.

Committees

The Board has established the following committees to address specific areas of Board responsibility. These committees are essential mechanisms in ensuring that the business of the Corporation is conducted in a timely and appropriate manner.

Audit and Finance Committee

The Audit and Finance Committee assists the Board in ensuring the Corporation meets legal, reporting, and accountability requirements set out in relevant legislation; financial integrity and transparency; adequate and effective management of information systems and sufficient risk management. The committee also assists the Board with other matters related to the Corporation's accounting policies, reporting practices, and internal controls.

Governance Committee

The Governance Committee provides leadership to the Board in relation to all governance processes, policies, and principles of the Corporation; along with undertaking other duties upon request to assist the Board in delivering governance practices.

SHC Board of Directors

Keith Hanson (Chair)

Mr. Hanson has been involved in the housing industry for over 30 years, and has always had a passion for the development and provision of appropriate, efficient and financially sustainable housing. He is currently President and CEO of the Sun Ridge Group, a Saskatchewan-based company specializing in housing systems, energy and environmental efficiency, housing affordability and quality assurance.

Bob Linner (Vice Chair)

Mr. Linner has considerable experience in municipal government and most recently served as City Manager for the City of Regina until 2006. He is a frequently invited speaker on urban issues and leadership with federal, provincial and municipal audiences and various community stakeholders.

Bob Jeanneau (Director)

Mr. Jeanneau has been dedicated to the housing industry since 1967, when he purchased his first apartment building. Bob was also involved in construction in Saskatoon and ownership properties in Regina. He has played key roles in several community organizations, including the Knights of Columbus.

Colleen Mah (Director)

Ms. Mah was born and raised in Saskatoon where she attended the University of Saskatchewan, graduating with a Bachelor of Commerce degree in 1972. Upon graduation, she went to work for the Federal Government (known in those days as Revenue Canada – Taxation). In late 1998, she joined in the family business, North Ridge Development Corporation. She has been involved with the Saskatoon and Region Home Builders' Association (SRHBA) since joining the housing industry, and currently chairs the Women's Council of the SRHBA.

Kevin Reese (Director)

Mr. Reese received a Business Administration degree from the University of Regina in 1981 and obtained the professional accounting designations of Chartered Accountant and Certified Management Accountant in 1984. In 2006, Kevin started Karina Developments Ltd., a land development project management company. He currently manages various land developments in Regina including The Creeks. Kevin is an active member of the Regina and Region Home Builders' Association and currently serves as co-chair of the Land Developer committee.

Marian Zerr (Director)

Ms. Zerr served on the Board during her term as Deputy Minister, Saskatchewan Ministry of Social Services from June 2009 to December 2011. Prior to that, Marian was the Associate Deputy Minister, Executive Council, Cabinet Planning. She was employed by the Government of Canada from 1977 to 2007 in a variety of capacities, primarily with Health Canada, First Nation and Inuit Health Branch, also with the Saskatchewan Federal Council and in an Executive Interchange with the File Hills Qu'Appelle Tribal Council/All Nations' Healing Hospital. Marian holds a Bachelor of Science in Nursing from the University of Saskatchewan (1977) and a Master of Science in Administration from Central Michigan University (1992).

Effective January 1, 2012:

Ken Acton (Director)

Ken Acton became a Director on the Board upon his appointment as Deputy Minister of Social Services on January 1, 2012. Ken was born and raised on a farm near Moose Jaw, Saskatchewan and operated the family farm from 1974 until the late 1990s. Ken joined the Saskatchewan Public Service in 1988 and held numerous senior leadership roles with the Ministry of Justice and Attorney General. Ken served as Chair of the Public and Private Rights Board of Saskatchewan from 1990 to 2011 and was a member of the Saskatchewan Legal Aid Commission from 2008 to 2012.